

for printing and reference to the proper calendar, as follows:

Mr. SPARKMAN: Committee on Military Affairs. H. R. 1857. A bill to provide for the appointment of female physicians and surgeons in the Medical Corps of the Army and Navy; with amendment (Rept. No. 295). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 15. Joint resolution authorizing the appropriation of such sums as may be necessary to pay the proportionate share of the United States in the annual expenses of the Inter-American Financial and Economic Advisory Committee; without amendment (Rept. No. 298). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 16. Joint resolution providing for participation by the United States in the Emergency Advisory Committee for Political Defense, and authorizing an appropriation therefor; without amendment (Rept. No. 299). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PITTENGER: Committee on Claims. S. 52. An act for the relief of Hazel M. Lewis; without amendment (Rept. No. 285). Referred to the Committee of the Whole House.

Mr. FERNANDEZ: Committee on Claims. S. 404. An act for the relief of Richard Barker; without amendment (Rept. No. 286). Referred to the Committee of the Whole House.

Mr. MANASCO: Committee on Claims. H. R. 235. A bill for the relief of Forrest W. Dickey; with amendment (Rept. No. 287). Referred to the Committee of the Whole House.

Mr. PATTON: Committee on Claims. H. R. 292. A bill for the relief of Mrs. Lila A. Wemp; without amendment (Rept. No. 288). Referred to the Committee of the Whole House.

Mr. ABERNETHY: Committee on Claims. H. R. 1160. A bill for the relief of Alva Burton Rickey; with amendment (Rept. No. 289). Referred to the Committee of the Whole House.

Mr. ABERNETHY: Committee on Claims. H. R. 1557. A bill for the relief of Robert H. Pulliam; with amendment (Rept. No. 290). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 1597. A bill for the relief of Joseph Spear; with amendment (Rept. No. 291). Referred to the Committee of the Whole House.

Mr. PATTON: Committee on Claims. H. R. 1837. A bill for the relief of Manuel G. Souza and Manuel Souza, Jr.; with amendment (Rept. No. 292). Referred to the Committee of the Whole House.

Mr. ROWAN: Committee on Claims. H. R. 2067. A bill conferring jurisdiction upon the United States District Court for the Middle District of Georgia to hear, determine, and render judgment upon the claim of H. M. Reid & Co., of Macon, Ga.; with amendment (Rept. No. 293). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 2089. A bill for the relief of Jennie Walker; without amendment (Rept. No. 294). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARRY:

H. R. 2291. A bill to amend further the Civil Service Retirement Act approved May 29, 1930, as amended; to the Committee on the Civil Service.

By Mr. BLOOM:

H. R. 2292. A bill to amend an act entitled "An act to provide for the use of the American National Red Cross in aid of the land and naval forces in time of actual or threatened war"; to the Committee on Foreign Affairs.

By Mr. SASSCER:

H. R. 2293. A bill to provide disability and death compensation or pension in the case of certain members of the Naval Enlisted Reserve who received Civil Aeronautics Administration war training prior to December 15, 1942; to the Committee on Naval Affairs.

By Mr. BATES of Kentucky:

H. R. 2294. A bill to grant service pension to certain veterans and widows and children of deceased veterans of the Spanish-American War, Boxer Rebellion, and Philippine Insurrection, based upon service which terminated honorably notwithstanding any prior or subsequent period of service which terminated other than honorably; to the Committee on Pensions.

By Mr. DIMOND:

H. J. Res. 105. Joint resolution to name the Alaska highway; to the Committee on Roads.

By Mr. GATHINGS:

H. Res. 184. Resolution providing for an investigation of all loaning agencies of the United States under the jurisdiction of the Department of Agriculture; to the Committee on Rules.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

338. By Mr. ANDREWS: Resolutions adopted by the Niagara County (N. Y.) Pomona Grange, covering ceiling prices on agricultural products; to the Committee on Agriculture.

339. By Mr. BLAND: Petition of 559 employees of the Newport News Shipbuilding & Dry Dock Co., Newport News, Va., urging support of a compulsory pay-as-we-earn income-tax plan, and the making possible under the plan abatement of some part of 1942 taxes; to the Committee on Ways and Means.

340. By Mr. ENGLEBRIGHT: Assembly Joint Resolution No. 25 of the California Legislature, Assembly of California, concerning reciprocal trade agreement; to the Committee on Interstate and Foreign Commerce.

341. Also, Senate Resolution No. 65 of the Legislative Department of the State Senate of California, relating to the growing of guayule for rubber production; to the Committee on Ways and Means.

342. Also, Assembly Joint Resolution No. 33 of the California Legislature, Assembly of California, memorializing Congress to enact legislation providing a Federal system of workmen's compensation for civilian defense volunteers injured in course of duty; to the Committee on Labor.

343. By Mr. ROLPH: Resolution of the San Francisco-Oakland Photo Engravers Union No. 8, of San Francisco, relative to rationing program of the Office of Price Administration; to the Committee on Banking and Currency.

344. Also, resolution of the United Garment Workers' Local No. 131 of San Francisco, relative to the rationing program of the Office of Price Administration; to the Committee on Banking and Currency.

345. Also, resolution of International Association of Cleaning and Dye House Workers, Local No. 7, relative to amending the Social Security Act so as to include all cemetery employees within the benefits and provisions of the act; to the Committee on Ways and Means.

## SENATE

THURSDAY, MARCH 25, 1943

(Legislative day of Tuesday, March 23, 1943)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, Thy word is hidden in the very framework of the world; Thy image is stamped in the very core of our being; Thy voice soundeth in experiences which sing, and sob, and sigh across life's changing scenes. Bowing in this hushed moment, we would discard every mask and disguise of pretense which, alas, too often we wear before the face of man. To give Thee back the life we owe is but to exchange the shallow pools of our vain designs and desires for the ocean depths of Thy eternal purpose in us and through us.

May the fretful fears that film our sight be cast out by a love that takes the dimness of our souls away. With new eyes may we see Thee as our Father, our fellows as our neighbors, and ourselves as our brothers' keepers. In that vision splendid of Divine Fatherhood and of human brotherhood may we dream our dreams, mold our lives, enact our laws, build our Nation, and plan our world, until this shadowed earth which is our home rolls out of the darkness into the light and it is daybreak everywhere. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, March 23, 1943, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, who also announced that the President had approved and signed the following acts:

On March 23, 1943:

S. 677. An act to amend the National Housing Act, as amended.

On March 24, 1943:

S. 405. An act for the relief of Mrs. Ernestine Fuselier Sigler;

S. 517. An act for the relief of Vodie Jackson;

S. 518. An act for the relief of Robert T. Groom, Daisy Groom, and Margaret Groom Turpin;

S. 171. An act for the relief of Arthur A. Schipke; and

S. 786. An act to amend title I of Public Law No. 2, Seventy-third Congress, March 20,

1933, and the Veterans Regulations to provide for rehabilitation of disabled veterans, and for other purposes.

**REPORT OF THE T. V. A. ON REGIONALIZED FREIGHT RATES: BARRIER TO NATIONAL PRODUCTIVENESS (H. DOC. NO. 137)**

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Agriculture and Forestry:

*To the Congress of the United States:*

I transmit herewith for the information of the Congress copy of a communication from the Chairman of the Tennessee Valley Authority submitting the third report of the authority entitled "Regionalized Freight Rates: Barrier to National Productiveness."

The Tennessee Valley Authority emphasizes the timely and practical nature of the survey.

FRANKLIN D. ROOSEVELT.  
THE WHITE HOUSE, March 25, 1943.

**EXECUTIVE COMMUNICATIONS, ETC.**

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

**LANDS EXCHANGED PURSUANT TO AN ACT OF CONGRESS**

A letter from the Acting Secretary of the Interior, submitting, pursuant to law, a detailed list of lands exchanged pursuant to the act of June 14, 1926 (44 Stat. 741; 43 U. S. C., sec. 869) (with an accompanying paper); to the Committee on Public Lands and Surveys.

**REPORT OF THE ARCHIVIST OF THE UNITED STATES**

A letter from the Archivist of the United States, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1942 (with an accompanying report); to the Committee on the Library.

**DECEMBER 1942 REPORT OF RECONSTRUCTION FINANCE CORPORATION**

A letter from the Chairman of the Board of the Reconstruction Finance Corporation, transmitting, pursuant to law, the report of the Corporation for the month of December 1942 (with accompanying papers); to the Committee on Banking and Currency.

**TRANSPORTATION ALLOWANCES FOR CIVILIAN OFFICERS AND EMPLOYEES, THEIR FAMILIES AND EFFECTS**

A letter from the President of the Civil Service Commission, submitting a draft of proposed legislation to provide uniform allowances for transportation of civilian officers and employees, their families and effects, upon permanent transfer from one official station to another or from one Federal agency to another (with an accompanying paper); to the Committee on Expenditures in the Executive Departments.

**PETITIONS AND MEMORIALS**

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A letter in the nature of a memorial from Local No. 180, Pacific Colony Employees, American Federation of State, County, and Municipal Employees, in the State of California, remonstrating against the enactment of the so-called McKellar bill, providing for confirmation by the Senate of nominations to Federal positions with compensation of

\$4,500 per annum or more; to the Committee on the Judiciary.

A joint resolution of the Legislature of the State of Wisconsin; to the Committee on Agriculture and Forestry:

**"Senate Joint Resolution 8**

"Joint resolution memorializing Congress and the United States Department of Agriculture to supply butter to our armed forces and those of our allies and to properly allocate butter for lend-lease shipment in order to safeguard the dairy industry

"Whereas the people of Wisconsin recognize that a successful army must be properly fed, clothed, and equipped and that our fighting forces at home and abroad must have plenty of butter and that lend-lease needs for our fighting allies must also be met; and

"Whereas the United States Department of Agriculture in charge of purchases of food for lend-lease is reported to have approved the shipment of 130,000,000 pounds of butter in 1943 to Russia, at a time when the supplies of butter are critically and seriously short and the consumption of oleomargarine is on the increase at home; and

"Whereas new food and drug standards and specifications permit the fortification of oleomargarine with vitamins and flavoring extracts so that detection from butter is difficult and thereby dupe and deceive thousands of people of the United States into the purchase of an inferior substitute; and

"Whereas the Government freezing regulations will take 30 percent of our national butter output after February 1, 1943, or approximately 503,000,000 pounds; and

"Whereas our Government should use every precaution against any limitation of butter supplies available for our armed forces and our civilians because for years the United States has been on a domestic basis in the production and consumption of butter, our consumers did not need to depend on imports, and our producers did not need to depend on exports; and

"Whereas in 1943 there is expected to be a decrease in butter production of 100,000,000 pounds due to diversion of milk to the manufacture of cheese, the increased consumption of butter by the armed forces, and other territorial emergencies; and

"Whereas it is fully recognized that our fighting allies have miraculously, courageously, and tenaciously withstood the onslaughts of the Axis forces, and that our country is gratefully appreciative of the valor, bloodshed, and heroism of the fighting forces of our allies, but that in all fairness to both our allies and the United States, a plan be formulated and adopted so that both butter and oleomargarine may be so transported; and

"Whereas such compromise on allocation of lend-lease supplies not only will not upset and disturb the delicate balance of home consumption and manufacture of butter but will also prevent oleomargarine manufacturers to explosively utilize the present butter shortage to expand their local markets for a long period of time; and

"Whereas it is the sense of this legislature that the dairy industry of the United States should continue to be protected by a wise and cautious administrative discretion so as to maintain the practical and legislative safeguards for dairy commodities in competition with and marketing of inferior products: Now, therefore, be it

"Resolved by the senate (the assembly concurring), That this legislature respectfully memorializes the Congress of the United States that our fighting forces and those of our allies must be supplied with good food, including butter, and that a fair share of this nutritive product must be supplied to our people on the home front so that they will not be compelled to resort to inferior

substitute products; and that the lend-lease authorities be directed to stabilize, control, and properly allocate the distribution of butter for lend-lease shipment during the present emergency in order to safeguard the health of the workers and toilers on the home front and their families, to protect the great dairy industry of the country, and to prevent further entrenchment and encroachment of the oleomargarine market; be it further

"Resolved, That properly attested copies of this resolution be sent to the Secretary of Agriculture of the United States, the lend-lease authorities, and to each House of Congress of the United States and to each Wisconsin Member thereof."

A concurrent resolution of the Legislature of the State of Michigan; to the Committee on Banking and Currency:

**"Senate Concurrent Resolution 20**

"Concurrent resolution memorializing the Congress of the United States to effect a substantial increase in the price of copper, iron, and other strategic metals

"Whereas the prosecution of the war has resulted in a great and constantly increasing demand for copper, iron, and other strategic metals; and

"Whereas with underground mining it is imperative to stock pile some strategic metals while navigation is closed on the Great Lakes, thus making it necessary to keep men employed and the mines in operation during the winter months; and

"Whereas the ceiling prices currently effective for these metals may have been adequate when set, but since these prices have been fixed everything entering into the cost of mining has increased and the small operators, particularly, are finding themselves with inadequate loans and unable to realize full production; and

"Whereas the mining industry should be enabled to operate on a fair and equitable basis, equal to that enjoyed by other war industries: Now, therefore, be it

"Resolved by the senate (the house of representatives concurring), That the Congress of the United States be respectfully requested to take the necessary steps to insure a substantial increase in the price of strategic metals; and be it further

"Resolved, That copies of this resolution be transmitted to the President of the United States, the President of the Senate, and Speaker of the House of Representatives of Congress, and to the Michigan Members in the Senate and House of Congress.

"Adopted by the senate March 11, 1943.

"Adopted by the house of representatives March 12, 1943."

A memorial of the House of Representatives of the State of Arizona; to the Committee on Education and Labor:

**"House Memorial 2**

"Memorial relating to foreign-language schools

*"To the Congress of the United States:*

"Your memorialist respectfully represents: "Throughout the United States, in cities and localities having considerable populations of foreign-born persons and their descendants, private schools are known to exist which are conducted and taught in foreign languages native to the heads, leaders, and parents of such groups.

"The subversive uses to which schools of this character may be put are apparent. They afford a ready and effective means of enlisting the aid of foreign-born parents whose children attend such schools, in projects and enterprises inimical to this country's war effort. They provide a made-to-order opportunity to instill and promote the growth in the minds of attending children of views, ideas, and interests subversive in their nature and contrary to the welfare of the United States. They may easily lead to treasonable



actions or activities, to sabotage, to spying, to the imparting to enemy nations of valuable and vital information, and to the hampering of the struggle of this country and its allies to liberate the world. They constitute a menace to the peace and welfare of the United States.

"Wherefore, your memorialist, the House of Representatives of the State of Arizona, prays:

"1. That the Congress speedily enact legislation to prohibit the maintenance of any school which is taught or conducted in a foreign language, and the teaching of a foreign language in any school, private or public, except as an incidental study included in a curriculum sanctioned by law."

A joint memorial of the Legislative Assembly of the State of Montana; to the Committee on Military Affairs:

"Substitute for House Joint Memorial 3

"Joint memorial to the President and the Senate of the United States of America, setting forth the wishes of the Twenty-eighth Legislative Assembly of Montana, relative to the winning of the war by the total defeat of the Axis Powers, and relative to post-war settlements affecting the peace and stability of our country and of the world, and asking the President and the Senate, as the treaty-making power in our country, to fully recognize and accept our national duty and responsibility in the reestablishment and future maintenance of world peace and order

"To the President and the Senate of the United States:

"Whereas young men from Montana are for a second time in a generation fighting and dying on foreign soil for the freedom and security of our Nation; and

"Whereas the people of our State mindful of the fact that a nation as large and as powerful as the United States of America will find it impossible to maintain a policy of complete isolation in a world in which distances are being cut down every day by continually improving means of transportation and communication, and hopeful that in the peace to follow our certain victory that our country will, together with the other nations, accept its full share of responsibility in the reorganizing and rebuilding of the post-war world and the safeguarding of world peace; and

"Whereas realizing that the new problems our Nation will face in its task of helping to establish and maintain a just and durable peace, may require certain sacrifices, a high devotion to the cause of world peace, a united effort on the part of all citizens of the Nation, and a determination to insist on the maintenance of a free and stable order in the world regardless of race or religion: Now, therefore, be it

"Resolved, That the Twenty-eighth Legislative Assembly of the State of Montana, in regular session assembled, the senate and house concurring, do respectfully and earnestly urge upon the President and the Senate of the United States, our firm conviction that our war effort should not stop short of the total military defeat of all the Axis Powers, our belief in the vital need of our country's full cooperation and responsibility with the other United Nations, in reestablishing order after the present war; in the maintenance of peace in the many countries where civil law has been wiped out during this war, and in the necessary use of international policing or such other means as may be required to keep such peace; in the readjustment of treaties with other nations so the world trade and commercial needs and possibilities may be encouraged and developed to the mutual benefit of all nations and peoples; and in the necessity

that our country accept this inevitable change in our world relations, and enter upon such new policy with the courage and determination characteristic of the United States of America, and with a full confidence in the eventual solution of the principal problems ahead, to the end that American principles may benefit the rest of the world, and strengthen and fortify here at home, those same principles of economic and political democracy which we so deeply cherish; be it further

"Resolved, That copies of this memorial be transmitted by the secretary of state of Montana, to the Honorable Franklin D. Roosevelt, President of the United States; to the honorable Senate of the United States; to the Members of Congress from the State of Montana; and to each of the legislative assemblies of the several States of the United States of America."

By Mr. GILLETTE:

A concurrent resolution of the Legislature of the State of Iowa; to the Committee on Banking and Currency:

"House Concurrent Resolution 21

"Whereas the application of arbitrary rules and regulations by the Rent Control Division of the Office of Price Administration promulgated under the authority of Federal legislation has resulted in an unfair and inequitable imposition against landlords; and

"Whereas by virtue thereof substandard rentals cannot be brought to a fair parity with other rentals and undesirable tenants may not be ejected from property; and

"Whereas as a result property owners in many instances are compelled to accept rentals insufficient to maintain their properties and make a fair return on their investment; and

"Whereas landlords are compelled to retain renters who are destructive to property and in some instances the health and welfare of other occupants of the premises; and

"Whereas the rent ceilings in Iowa are far below the parity of labor and commodities, as a consequence of which an unjust burden is imposed against a landlord; and

"Whereas this situation is the result of national policy and not local administration: Now, therefore, be it

"Resolved by the House of Representatives of the Fiftieth General Assembly of the State of Iowa (the Senate concurring), That the Congress of the United States be memorialized to forthwith take such action as may be necessary and appropriate to make more flexible the arbitrary rules of the Rent Control Division of the Office of Price Administration and provide the means through which unfair and inequitable impositions against landlords may be heard by an impartial tribunal on the merits of the case."

#### RESOLUTIONS OF NORTH DAKOTA LEGISLATIVE ASSEMBLY

Mr. LANGER. I ask consent to present for appropriate reference and printing in the RECORD a resolution passed by the Twenty-eighth Legislative Assembly of the State of North Dakota, being Senate Concurrent Resolution N.

And, also, another resolution, being House Concurrent Resolution V, which I present on behalf of my colleague [Mr. NYE] and myself and ask to have printed in the RECORD and appropriately referred.

There being no objection, the resolutions, were received, referred to committees, and, under the rule, ordered to be printed in the RECORD, as follows:

To the Committee on Post Offices and Post Roads:

#### Senate Concurrent Resolution N

Concurrent resolution memorializing Congress to enact into law S. 207, known as the Nye bill, providing for waiver of second-class postal fees upon resumption of publication by newspapers that were compelled to suspend publication because of war conditions

Whereas numerous newspapers throughout the Nation, and particularly those in towns in smaller communities, were compelled to suspend publication because of the economic conditions brought about by the war emergency; and

Whereas the country newspaper is a valuable economic and social asset in the community life of the Nation and should, therefore, be encouraged: Therefore be it

Resolved by the Senate of the State of North Dakota (the House of Representatives concurring), That we memorialize, petition, and urge Congress to take such steps as are necessary to enact into law S. 207, known as the Nye bill, which provides for the waiver of second-class postal fees upon resumption of publication by newspapers which were compelled to suspend publication during the war and because of war conditions; and be it further

Resolved, That copies of this resolution be mailed to the President of the United States, to the President of the Senate, to the Speaker of the House of Representatives, and to each Member of Congress from the State of North Dakota, and to each of the secretaries of state and to the Members of Congress in the States of Montana, South Dakota, and Minnesota.

#### To the Committee on Indian Affairs:

##### House Concurrent Resolution V

Concurrent resolution memorializing Congress and the President to authorize the Indians to elect their Commissioner of Indian Affairs and other administrative officials and that treaty rights and claims be promptly adjudicated and paid

Be it resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein)—

Whereas the Indian Americans who have loyally been serving their country and ours, both in the armed forces and elsewhere, have long been under practically complete domination of the Indian Bureau, with no voice in the administration of tribal property and affairs, and have witnessed, without power to effectively protest, the building up of a vast array of life-term employees, very few of whom are Indians, paid from tribal funds or a charge against tribal property and other resources; and

Whereas rights, as assured by treaties and legislation, have in too many instances not been adjudicated and the Indians reimbursed for their property, neither financially nor by larger, more profitable allotments of lands and equipment; and

Whereas on the Standing Rock Sioux Indian Reservation, near our capital city, magnificent new brick buildings have been erected at Fort Yates for administrative offices and housing employees, with many Indians living the year around in poor tents, without coal, sufficient clothing, or food, and sickness so prevalent that the agency hospital facilities are wholly inadequate: Now, therefore, be it

Resolved, That we believe in preserving the personal and property rights of the Indians, of whom there are nearly 10,000 in our State, and commend their loyalty, and that we recommend to Congress and the President that the Indians, as citizens and voters under the act of June 2, 1924, be authorized to vote for and elect their own Commissioner of Indian Affairs and other administrative officials; and be it further

Resolved, That all tribal and personal rights and claims, as evidenced by treaties

otherwise, be promptly adjudicated and paid; and be it further

*Resolved*, That the secretary of state of North Dakota send copies of this resolution to the President of the United States, to the President of the Senate and Speaker of the House of Representatives, the North Dakota Members of Congress, and to the secretaries of state of the States of Minnesota, South Dakota, Montana, Wisconsin, Kansas, Oklahoma, Wyoming, and Washington for the attention of their respective legislative assemblies.

(The ACTING PRESIDENT pro tempore laid before the Senate a concurrent resolution identical with the foregoing, which was referred to the Committee on Indian Affairs.)

#### INCREASE OF SOLDIERS' PAY

Mr. LANGER. Mr. President, I also ask consent to present for the appropriate reference and printing in the RECORD at this point of a letter received by me from Mr. and Mrs. W. Lynosty, of Duluth, Minn., in favor of the proposal to raise the base pay of the soldiers to \$100 a month.

There being no objection, the letter was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

DULUTH, MINN., March 3, 1943.

Hon. Senator LANGER,  
Senate Office Building.

DEAR SIR: Your proposal to raise the salary of the soldier, the base pay, to \$100 per month is a fine one and deserves the support of every individual.

Have talked to many parents of soldiers who have mentioned their having to send their sons (soldiers) help each month, as after buying War bonds and paying for their insurance, laundry, etc., they have very little if anything left to work with.

Kindly put forth your every effort toward the movement.

Thanking you,

Mr. and Mrs. W. LYNOSTY.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THOMAS of Utah, from the Committee on Education and Labor:

S. 400. A bill for the organization and functions of the Public Health Service; with amendments (Rept. No. 133).

By Mr. STEWART, from the Committee on Claims:

S. 373. A bill for the relief of Charles Favors; with an amendment (Rept. No. 134).

By Mr. WHERRY, from the Committee on Claims:

S. 671. A bill for the relief of Charles Francis Fessenden; without amendment (Rept. No. 135).

By Mr. ELLENDER, from the Committee on Claims:

H. R. 940. A bill for the relief of Howard E. Dickison; with an amendment (Rept. No. 136).

By Mr. ROBERTSON, from the Committee on Claims:

H. R. 1128. A bill for the relief of Bernice James; without amendment (Rept. No. 137); and

H. R. 1131. A bill for the relief of the estate of Ola Fowler; without amendment (Rept. No. 138).

By Mr. WILEY, from the Committee on Claims:

S. 695. A bill for the relief of Joseph F. Bolger, with amendments (Rept. No. 139).

By Mr. TUNNELL, from the Committee on Claims:

S. 252. A bill for the relief of Philip Kleinman; without amendment (Rept. No. 140); and

S. 510. A bill for the relief of Inez Smith; with an amendment (Rept. No. 141).

By Mr. DOWNEY, from the Committee on Military Affairs:

S. Res. 113. Resolution requesting certain governmental departments and agencies to assign representatives to accompany the Military Affairs Committee in its investigation of labor shortages in certain Western States; without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

#### ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on March 23, 1943, that committee presented to the President of the United States the following enrolled bills:

S. 171. An act for the relief of Arthur A. Schipke;

S. 405. An act for the relief of Mrs. Ernestine Fuselier Sigler;

S. 517. An act for the relief of Vodie Jackson;

S. 518. An act for the relief of Robert T. Groom, Daisy Groom, and Margaret Groom Turpin; and

S. 677. An act to amend the National Housing Act, as amended.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. MEAD:

S. 915. A bill for the relief of Robert Kish Lee and Elizabeth Kish; to the Committee on Claims.

S. 916. A bill relating to the classification of substitute driver-mechanics in the Postal Service; to the Committee on Post Offices and Post Roads.

By Mr. MURRAY:

S. 917. A bill to declare that the United States holds certain lands in trust for Indian use, and for other purposes; to the Committee on Indian Affairs.

By Mr. DAVIS:

S. 918. A bill to amend the Servicemen's Dependents Allowance Act of 1942, as amended, with respect to the date of the beginning of the period for which allowances are paid; to the Committee on Military Affairs.

By Mr. VAN NUYS:

S. 919. A bill to expedite the payment for land acquired under the war period; and

S. 920. A bill to eliminate private suits for penalties and damages arising out of frauds against the United States; to the Committee on the Judiciary.

By Mr. ELLENDER:

S. 921. A bill for the relief of Mrs. Neola Cecile Tucker; to the Committee on Claims.

By Mr. LANGER:

S. 922. A bill to amend the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," as amended; to the Committee on Education and Labor.

By Mr. RUSSELL:

S. 923. A bill to amend the National Defense Act, as amended, with respect to the minimum age limit for persons appointed as second lieutenants in the Regular Army; to the Committee on Military Affairs.

By Mr. HAYDEN:

S. 924. A bill to amend the act entitled "An act to aid the several States in making, or for having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes," as amended by section 1 of the act approved July 19, 1939 (53 Stat. 1066), and for other purposes; to the Committee on Post Offices and Post Roads.

By Mr. REYNOLDS:

S. 925. A bill for the relief of certain widows of Foreign Service officers; to the Committee on Foreign Relations.

#### TEMPORARY ADDITIONAL COMPENSATION FOR POSTAL EMPLOYEES—AMENDMENT

Mr. MEAD submitted an amendment intended to be proposed by him to the bill (H. R. 1366) to provide temporary additional compensation for employees in the Postal Service, which was ordered to lie on the table and to be printed.

THE LATE GOVERNOR FRANK O. LOWDEN,  
OF ILLINOIS

Mr. LUCAS. Mr. President, last Tuesday my colleague the junior Senator from Illinois [Mr. BROOKS] paid a very high, glowing, and well-deserved tribute to the late Frank O. Lowden, former Governor of Illinois. At this time I desire to concur in what he said with regard to the life of that great man and fine citizen of Illinois. In addition, I ask unanimous consent to have printed in the RECORD following these remarks an editorial which appeared in the Washington Evening Star on Monday last.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FRANK OREN LOWDEN

Historians writing half a century hence may appreciate Frank Oren Lowden more than the generality of his contemporaries did. He was a conservative thinker, yet it happened that he frequently was far ahead of his contemporaries in his political and social views. The paradox arose from the fact that his mind was not patterned to a rigid dogma. He was a practicing American in the full and complete meaning of that term. Such a man is very apt to be misunderstood or perhaps condemned by his intellectually lazy neighbors.

It would be a mistake, however, to suggest that Mr. Lowden was lacking in friends. The contrary is the truth. No political leader of his time was more affectionately loved by those who knew him well than he. Particularly by children was he appreciated. He found great joy in developing a summer health resort for youngsters brought from Chicago hospitals to recuperate in the country. His own distinctive quality of enthusiastic boyishness remained with him to the end.

Born in a log cabin at Sunrise City, Minn., January 26, 1861, and educated at the University of Iowa, Mr. Lowden was a self-made success from the start of his active career at 15. His debut in Chicago was in the role of a clerk in a law office. He was graduated at Northwestern Law School only to become a teacher there, and much of his achievement in later life may be traced back to the skill in exposition which he developed as a faculty member. His political interests led to his election to the House of Representatives in 1906 and 1908 and as Governor of Illinois in 1916. The movement for State administrative reorganization which he launched in 1917 spread throughout the entire Nation. Because of it, the chief executive officers of the several Commonwealths ceased to be figureheads.

When the 1920 Republican convention met, Mr. Lowden was the outstanding candidate for the Presidential nomination. Possibly it was because of his philosophic eminence, his distinction of character, his experience, and his zeal that he was not chosen.

Mr. Lowden's farm thereafter was his principal concern. He made his 5,000 acres at Sinnissippi an agricultural laboratory of



world-wide importance. Better crops, better stock, better systems of marketing were his objectives. He achieved them and instructed other agrarian realists how to do the same.

Meanwhile, the dark shadow of tyranny which he repeatedly warned against spread across the sky of Europe and the East. Referring to the war against the Axis on his eighty-first birthday, Mr. Lowden spoke these words, which now may be quoted as his epitaph: "Of course, we shall have to endure great hardship. Let us not forget, however, that the pioneers of America suffered more, made larger sacrifices, and took greater risks to conquer this rich continent which they bequeathed to us than any we shall be called upon to make to save our great heritage."

#### PROPOSED CEILING PRICES ON LIVE ANIMALS

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the *Record* at this point, following a few brief remarks I have to make, an editorial from the *Daily Drovers' Telegram*, published at Kansas City. The editorial points to dangerous implications in the proposal by the Office of Price Administration to fix ceiling prices on live hogs.

Mr. President, the entire livestock industry is practically unanimous that any attempt to fix ceiling prices on live animals, particularly on cattle, will be disastrous to that industry, and, what is even more serious, that live animal price ceilings, particularly on cattle and sheep, will bring about lessened production of meats at a time when the need is for increased production.

It looks easy in the offices of Government bureaus in Washington to fix prices on each grade of cattle sold on the markets—or on the farms through direct buying, or to local butchers or slaughterers—but, Mr. President does O. P. A. realize that the range of cattle prices frequently is as much as \$10 from the highest to the lowest, and that prices between these go in jumps as small as 5 cents?

Of course, it would mean many more jobs for inspectors and graders, and practically require such officials to be sent to every farm producing livestock for sale, as most farms do. It would also require much more bookkeeping and accounting and auditing, and the filing of more reports of many kinds. Maybe O. P. A. thinks that is desirable, but I say it would not conduce to the successful prosecution of the war.

The O. P. A. has undertaken to register and issue permits to every farmer who sells meat; it has installed meat rationing—and very properly. I might suggest that we see how the permit system for all slaughtering, and the rationing for all buying of meats, work out, before trying to place ceiling prices on live animals. I send the editorial to the desk.

There being no objection, the editorial was ordered to be printed in the *Record*, as follows:

#### IMPLICATIONS OF A HOG CEILING

Meetings are to be held in Washington this week on live hog ceiling problems.

It is the old story. When one regulation fails to work according to theory then issue another, more far reaching. The meat ceilings have resulted in a considerable amount of dodging around, evidenced in live hog prices above the pork ceiling base. That has

undoubtedly resulted in hardship for some packers, especially the smaller operators. So they clamor for a live hog ceiling, thus not openly but actually expressing the hope that the result will be a fixed operating margin which will give them a certain profit. The hog producer can go hang. Fix his income but not his costs—and his costs are going up every day.

Those agitating live hog ceilings have been camping on the doorstep of the price administrators, and they have been welcomed there, because the price administrators are looking for a way out. The hog producer is too busy to run to Washington, and he can't hire lawyers to represent his cause there. So to heck with the farmer! But if the live hog ceiling is undertaken there will be repercussions that will, to say the least, be politically embarrassing.

What we can't understand is the naïveté of the whole thing. Why the boys think when they can't make ceilings on meat work they can make ceilings on the live animal work is beyond us. But they can make it work, the advocates argue. All that will be necessary is to allocate supplies. That shortly is to follow the live hog price edict. Simple. Complete control. Under allocation, obviously, the hog producer would be told where and when he could sell.

The implications of this new plan are far reaching, and no little disturbing. For steer and lamb ceilings would in time follow a hog ceiling, and the livestock producers of this country would for the first time in history be completely hamstrung.

Ten thousand farmer telegrams to Congressmen this week might save the situation. That is, it would appear, the only chance of saving it.

#### ORGANIZATION AND COLLABORATION OF UNITED NATIONS—ADDRESS BY SENATOR MAYBANK

[Mr. HATCH asked and obtained leave to have printed in the *Record* a radio address delivered by Senator MAYBANK on the evening of Tuesday, March 23, 1943, which appears in the Appendix.]

#### AMERICAN FOREIGN POLICY AND THE SENATE—ADDRESS BY SENATOR BREWSTER

[Mr. HATCH asked and obtained leave to have printed in the *Record* a radio address on the subject American Foreign Policy and the Senate, delivered by Senator BREWSTER on the evening of Tuesday, March 23, 1943, which appears in the Appendix.]

#### ORGANIZATION AND COLLABORATION OF UNITED NATIONS—ARTICLE BY WILLIAM HENRY CHAMBERLIN

[Mr. McNARY asked and obtained leave to have printed in the *Record* an article entitled "America Is Not God," written by William Henry Chamberlin and published in the *Progressive* of March 22, 1943, which appears in the Appendix.]

#### REDUCTION IN NUMBER OF FEDERAL EMPLOYEES—RESOLUTION OF SHREVEPORT, LA., CHAMBER OF COMMERCE

[Mr. OVERTON asked and obtained leave to have printed in the *Record* a resolution adopted by the Shreveport, La., Chamber of Commerce advocating a reduction in the number of Federal employees, which appears in the Appendix.]

#### REORGANIZATION AND COLLABORATION OF UNITED NATIONS—GALLUP POLL

[Mr. MAYBANK asked and obtained leave to have printed in the *Record* an article, by George Gallup, entitled "Convinced United States Should Begin Action Now," together with a poll of public opinion, which appears in the Appendix.]

#### DEFERMENT OF FARMERS—EDITORIAL FROM JOURNAL-EVERY EVENING

[Mr. TUNNELL asked and obtained leave to have printed in the *Record* an editorial entitled "Deferring Farmers," published in the March 19, 1943, issue of *Journal-Every Evening*, of Wilmington, Del., which appears in the Appendix.]

#### ORGANIZATION AND COLLABORATION OF UNITED NATIONS—NEWSPAPER COMMENTS

[Mr. BURTON asked and obtained leave to have printed in the *Record* an editorial from the *Dayton Daily News* of Monday, March 15, 1943, entitled "War and the Peace," and an article entitled "The Problem of American Policy," by Barnet Nover, published in the *Washington Post* of Thursday, March 18, 1943, which appear in the Appendix.]

#### SAFEGUARDS OF THE CONSTITUTION—RESOLUTIONS OF DISTRICT OF COLUMBIA SOCIETY OF SONS OF THE AMERICAN REVOLUTION.

[Mr. REYNOLDS asked and obtained leave to have printed in the *Record* an extract from the March 1943 Bulletin of the District of Columbia Society of the Sons of the American Revolution, embodying resolutions adopted at the February meeting of the society, which appears in the Appendix.]

#### THE CHALLENGE OF WARTIME TRAFFIC—ADDRESS BY PYKE JOHNSON

[Mr. REYNOLDS asked and obtained leave to have printed in the *Record* an address entitled "The Challenge of War-Time Traffic," delivered by Pyke Johnson, president Automotive Safety Foundation, at the fifth annual Southern Safety Conference at Memphis, Tenn., which appears in the Appendix.]

#### TREASURY AND POST OFFICE APPROPRIATIONS

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 1648), making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes.

Mr. TYDINGS. Mr. President, on Tuesday evening when the Senate recessed there was pending the bill providing the annual appropriations for the Post Office and Treasury Departments. I should like briefly to explain the bill. First of all, it carries in excess of \$200,000,000 less than the similar appropriation bill for last year. It represents a cut or a saving or a reduction, as you please, of about 20 percent in the annual appropriation, notwithstanding that both the Treasury Department and the Post Office Department have extraordinarily heavy and unusual burdens to carry at this time in order to perform their regular and wartime functions as well. The bill as it passed the House provided for \$1,098,840,960.

Mr. McNARY. Mr. President, this is important legislation, carrying somewhat more than a billion dollars. I think we should have a quorum, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gurney	Radcliffe
Austin	Hatch	Reed
Bailey	Hawkes	Revercomb
Ball	Hayden	Reynolds
Bankhead	Holman	Robertson
Barkley	Johnson, Calif.	Russell
Bone	Johnson, Colo.	Scruggs
Brewster	Kilgore	Shipstead
Bridges	La Follette	Smith
Brooks	Langer	Stewart
Buck	Lodge	Taft
Burton	Lucas	Thomas, Idaho
Bushfield	McCarran	Thomas, Okla.
Butler	McClellan	Thomas, Utah
Byrd	McFarland	Tobey
Capper	McKellar	Truman
Caraway	McNary	Tunnell
Chavez	Maloney	Tydings
Clark, Mo.	Maybank	Vandenberg
Connally	Mead	Van Nuys
Davis	Millikin	Wagner
Downey	Moore	Wallgren
Ellender	Murdock	Walsh
Ferguson	Murray	Wherry
George	Nye	White
Gerry	O'Daniel	Wiley
Gillette	O'Mahoney	Willis
Green	Overton	Wilson
Guffey	Pepper	

Mr. BARKLEY. I announce that the Senator from Florida [Mr. ANDREWS], the Senator from Mississippi [Mr. BILBO], and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The junior Senator from Kentucky [Mr. CHANDLER] is out of the city on official business for the Committee on Military Affairs.

The Senator from Idaho [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], and the Senator from Alabama [Mr. HILL] are detained on important public business.

The Senator from Montana [Mr. WHEELER] is necessarily absent.

Mr. McNARY. The Senator from New Jersey [Mr. BARBOUR] is absent because of illness.

The ACTING PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, the measure before the Senate is House bill 1648, making appropriations for the Treasury and Post Office Departments. The appropriations recommended are \$200,000,000 less, in the aggregate, than was appropriated for these two departments last year. This represents a cut, or reduction, or savings, as one may please to call it, of about 20 percent, which is very considerable when we recall that the Treasury and Post Office Departments are called upon in this war emergency to perform many abnormal functions in addition to their regular normal functions.

The bill as it passed the House appropriated \$1,098,840,960. The Senate committee added \$3,540,465 to that, making a total of \$1,102,381,000. The amount of the regular estimates for 1944 was \$1,112,855,830. The amount of appropriations for 1943 was \$1,315,896,712, while the pending bill carries only \$1,098,000,000, in round figures. Therefore, the bill as reported to the Senate is \$213,000,000 less than the equivalent appropriation for last year, and it is \$10,474,000 less than the Budget esti-

mates provided for these departments. That, briefly, is an outline of the bill.

Mr. President, the amounts which the Senate committee added to the bill, approximating \$3,000,000, comprise chiefly a restoration of \$2,000,000, in round numbers, to the Treasury Department for the bureau having charge of the collection of customs. The officials of the Treasury Department told us that if the cut made by the House remained in the bill they would be so handicapped on the piers and wharves and at other reception centers of the country that they could not provide the safety and the administration which the war effort necessitates.

The House Committee on Appropriations did not take this \$2,000,000 out of the bill; the cut was made on the floor of the House, with practically no consideration or hearing as to the evidence to support it. Therefore, if the Senate shall restore this item, it will go to conference, where we can meet with officials of the Treasury Department and ascertain how far we can make a cut without jeopardizing in any manner the war effort.

I shall be very glad to answer any questions which may be propounded.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. VANDENBERG. The last item the Senator has been discussing, dealing with the Bureau of Customs, involves, does it not, the offices of the seven comptrollers of customs?

Mr. TYDINGS. They are not affected by the \$2,000,000, but the whole addition would involve them.

Mr. VANDENBERG. I do not understand why persistently over the years the House strikes out this provision and does away with these jobs, and the Senate just as persistently year after year restores them. My recollection is, from the information I had on the subject once upon a time, that as a matter of cold reality it is not necessary to maintain these comptrollerships. What has the Senator to say on that subject?

Mr. TYDINGS. First, there are two reasons why the Senate Committee on Appropriations did not accede to the House provision in this particular respect. The first is that the offices in question are fixed by legislation, and, so long as they are fixed by legislation, it is the duty of the Congress to provide for them. The way to get rid of them is to repeal the law which makes provision for them.

The second reason was that it was not clearly shown to the Senate committee that if these offices were abolished there would be any real saving, because the civil-service personnel would in a very short while move up into the position of collectors, with others moving up all along the line, and while we would have what appeared to be a saving, it was not demonstrated that a saving would actually result.

Mr. VANDENBERG. The Senator assigns no validity whatever to the persistent annual action of the House respecting this matter?

Mr. TYDINGS. The Senator is rather inclined to give it additional consideration at this time; but we decided that if we could take the matter to conference, we could sit down with the House proponents of elimination and see what the real facts were, and if they made out a case in conference, we would be governed accordingly.

Mr. BALL. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield.

Mr. BALL. There appears at the bottom of page 3 of the bill a provision which was in the bill at it passed the House, but was stricken out by the Senate committee. What would be the effect of that paragraph if it were kept in the bill, and why was it stricken out by the Senate committee?

Mr. TYDINGS. I personally would have been sympathetic to leaving out this provision, or at least changing the silver law to some extent. However, this is in effect legislation upon an appropriation bill, and we did not feel that the Committee on Appropriations should legislate on a matter of this magnitude without giving the proponents and opponents in both Houses a chance to be heard.

Those who favor the silver policy of the Government asked us to bring the matter up in separate legislation. For that reason only, and so that it would not be injected into the consideration of an appropriation bill, we agreed to the amendment.

Usually Senators do not like to have legislative amendments placed on an appropriation bill when they do not favor the amendments, but when Senators like an amendment, sometimes they are not so careful to hold the Committee on Appropriations down to its proper function. However, we took the view that legislative matters should not be a part of an appropriation bill providing revenues for the conduct of the Post Office and the Treasury Departments.

Mr. BALL. Can the Senator tell me whether that provision was written into the bill by the House committee or on the floor of the House?

Mr. TYDINGS. It was written in on the floor, and never was considered by the House Committee on Appropriations.

Mr. BALL. Its effect would be to nullify the two acts mentioned?

Mr. TYDINGS. The Senator is correct. If there are no further questions, I ask that the committee amendments be considered in their order.

Mr. TUNNELL. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. TUNNELL. I understood the Senator to say that the appropriation for the Treasury Department and the Post Office Department was less than usual.

Mr. TYDINGS. Yes; 20 percent under the usual appropriation.

Mr. TUNNELL. Perhaps the Senator made an explanation, but I did not understand in what particular line, for instance, the reduction in the Post Office Department was made.

Mr. TYDINGS. The reductions in the Post Office Department are very few.



The major reductions are in functions of the Treasury Department.

Mr. TUNNELL. And what are those reductions?

Mr. TYDINGS. The reductions are all along the line. A considerable reduction was made in the amount provided for income tax refunds.

Mr. TUNNELL. I thank the Senator. The ACTING PRESIDENT pro tempore. The clerk will proceed to state the committee amendments.

The CHIEF CLERK. The first amendment of the Committee on Appropriations was, under the heading "Title I—Treasury Department—Office of the Secretary", on page 3, after line 18, to strike out:

No part of any money appropriated by this act shall be used, directly or indirectly, during the fiscal year 1944, for the purchase or procurement of silver under the provisions of the Silver Purchase Acts, namely, the act of June 19, 1934, and the act of July 6, 1939, or for the carrying out of any of the provisions of said Silver Purchase Acts.

The amendment was agreed to.

The next amendment was, under the subhead "Foreign funds control", on page 4, line 13, after the word "expenditures", to strike out "\$3,100,000" and insert "\$3,800,000."

The amendment was agreed to.

The next amendment was, under the subhead "Division of Tax Research", on page 4, line 17, after the word "experts", to strike out "\$116,000" and insert "\$163,760."

The amendment was agreed to.

The next amendment was, under the subhead "Office of Tax Legislative Counsel", on page 4, line 21, after the word "experts", to strike out "\$74,700" and insert "\$90,165."

The amendment was agreed to.

The next amendment was, under the subhead "Miscellaneous and contingent expenses, Treasury Department", on page 6, line 9, after the word "therefore", to strike out "purchase, exchange, and repair of typewriters and labor-saving machines and equipment and supplies for same"; and, on page 7, line 4, after the word "for", to strike out "\$274,300" and insert "\$271,000."

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of the Public Debt", on page 12, line 22, after the word "exceed", to strike out "\$57,000,000" and insert "\$58,600,000."

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Customs", on page 16, line 10, after the numerals "1930", to strike out "\$20,481,585" and insert "\$22,525,535"; and in the same line, to strike out the colon and the following: "Provided, That the offices of seven comptrollers of customs, with annual salaries aggregating \$43,950, are hereby abolished. The duties imposed by law and regulations upon the comptrollers of customs, their assistants and deputies, are hereby transferred to, imposed upon, and continued in positions now established in the Customs Service by or pursuant to law, as the Secretary of the

Treasury by appropriate regulations shall specify; and he is further authorized to designate the title by which such positions shall be officially known hereafter. The Secretary of the Treasury, in performing the duties imposed upon him by this paragraph, shall administer the same in such manner that the transfer of duties provided hereby will not result in the establishment of any new positions in the Customs Service."

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Narcotics", on page 21, line 16, after the words "in all", to strike out "\$1,100,000" and insert "\$1,200,000."

The amendment was agreed to.

The next amendment was, under the heading "Title II—Post Office Department—Salaries in bureaus and offices", on page 33, line 14, to increase the appropriation for salaries in the Office of the First Assistant Postmaster General, from \$570,000 to \$586,900.

The amendment was agreed to.

The next amendment was, on page 33, line 16, to increase the appropriation for salaries in the office of the Second Assistant Postmaster General, from \$460,000 to \$475,000.

The amendment was agreed to.

The next amendment was, on page 33, line 18, to increase the appropriation for salaries in the office of the Third Assistant Postmaster General, from \$780,000 to \$138,000.

The amendment was agreed to.

The next amendment was, on page 33, line 22, to increase the appropriation for salaries in the office of the Solicitor for the Post Office Department, from \$130,000 to \$138,000.

The amendment was agreed to.

The next amendment was, on page 33, at the end of line 23, to increase the appropriation for salaries in the office of the Chief Inspector, from \$274,320 to \$281,000.

Mr. McNARY. Mr. President, I should like to inquire of the able Senator from Maryland in charge of the bill why the increases were made which appear on page 33 of the bill, covering salaries in bureaus and offices in the Post Office Department.

Mr. TYDINGS. Mr. President, I inadvertently overlooked explaining those increases, and I shall be delighted to explain them now. The Senator's inquiry is very pertinent.

The Post Office increases, as Senators will note, are all for small amounts. There are no large amounts involved in any of the increases. I shall state the circumstances in a nutshell. Throughout the United States, because of the war, the Post Office Department is having a great deal of difficulty, particularly in certain areas, in obtaining the necessary personnel to distribute the mails and handle the postal business of the country. The House cut down a great many of these appropriations a very small amount, but when the Postmaster General and others appeared before the Senate committee they told us very pointedly, I thought, that what would

happen if these cuts remained would be that the Postal Service would not be able to keep up with its task.

One of the principal increases is for an accounting service, which is already established in the Post Office Department. That service is charged by law with making surveys continually to find out if the Post Office Department in its various contracts with the railroad companies and others is operating on an efficient and economical basis. It was proved to me, and I believe to the committee, that the net result of the proposed reduction would be inefficiency and extravagance; that the particular agency had brought about many of the savings and benefits and much of the efficiency with which the Post Office Department had been able to conduct its operations.

Coming to the items specifically, it will be noted that on page 33, beginning with line 13, first of all there is an increase of \$16,900 in the office of First Assistant Postmaster General; then there is an increase of \$15,000 in the office of Second Assistant Postmaster General, and so on. They are all small increases. Everyone will appreciate the fact that the Post Office Department is fighting a very difficult battle. It is a difficult job in many of the congested areas to keep the mails moving, to find the trains, and to find the help that is necessary properly to keep the Department on an efficient basis. For that reason we thought the cuts made in these particular groups, which were small cuts, ought to be restored in line with the Budget estimate and in the interest of efficiency.

Mr. WHITE rose.

Mr. TYDINGS. I yield to the Senator from Maine.

Mr. WHITE. I thought the Senator from Maryland had concluded. I desired to say a word in my own time.

Mr. TYDINGS. I am glad to yield to the Senator from Maine.

Mr. WHITE. Mr. President, I think the statement made by the Senator from Maryland completely justifies the committee's action, but there was information before the committee of a general sort which is of so much interest, and which is so complete a justification of what the committee has done, that I wish to trespass on the time of the Senate long enough to put into the Record some of the material furnished the committee, and which influenced its decision.

The Postmaster General's office presented to the committee this information:

During the fiscal year 1942 there was received, transported, and delivered 30,117,633,460 pieces of mail, weighing 3,244,000 tons—

I will leave off the odd figures.

representing an increase over the fiscal year 1941 of 881,000,000 pieces of mail, or 120,000 tons.

Amplifying somewhat further, let me say that there were increases in particular services. In the number of domestic money orders issued there was an increase of 20.32 percent. In pieces of paid registry there was an increase of 122.07 percent. In pieces of free registry

there was an increase of 53.90 percent. In pieces of insured mail there was an increase of 36.09 percent. In pieces of C. O. D. delivery there was an increase of 7.74 percent. In pieces of special-delivery mail there was an increase of 13.95 percent.

Then there are additional figures as to revenues which add influence and interest; but it seems to me that the figures I have presented show a tremendous increase in the activities and obligations of the Department and, I think, warrant the very small increases to which the committee gave sanction.

Mr. TYDINGS. I thank the Senator for his remarks, which presented the details as to why the Senate committee voted to increase the appropriations so as to make them as they were originally intended.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 33, line 23.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The next amendment of the committee will be stated.

The next amendment was, on page 33, at the end of line 25, to increase the appropriation for salaries in the Bureau of Accounts, from \$133,640 to \$300,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of Chief Inspector", on page 36, line 14, after the word "and", where it occurs the first time, to strike out "seven hundred and sixty" and insert "eight hundred and thirty-five"; and, in line 15, after the word "inspectors", to strike out "including twenty-five only for the fiscal year 1944, \$2,840,500" and insert "\$3,025,500."

Mr. McNARY. Mr. President, I observe that since the bill has passed the House the Senate committee has increased to 75 the number of inspectors provided for. At this particular time, when there is a great shortage in manpower in the various industries of the country, we should be careful not to expand Federal employment. Unless the case is very urgent and unless there is an extreme need for the additional inspectors—and doubtless the House must have considered those points—it does not seem to me to be conformable to good business practice to have the Senate committee increase by 75 the number of inspectors in the short distance the bill has traveled in coming from the House to the Senate. I appeal to the Senator to explain that item.

Mr. TYDINGS. Mr. President, let me say to the distinguished senior Senator from Oregon that when the Post Office Department authorities appeared before the committee, as I recall, they stressed this particular provision of the appropriation bill more than they did any other provision. They said that with the few persons who were being put on a temporary basis—often not regular civil-service employees, particularly in large cities and other congested areas where war work was being done—the need for inspectors was great, not only for the orderly transaction of business, but in order to prevent the perpe-

tration of fraud on the Government, and that in all probability the amount of money appropriated would be many times saved if the inspectors were on the job in sufficient numbers to see that the Postal Service was being honestly as well as efficiently administered.

Mr. McNARY. Mr. President, let me ask the able senior Senator from Maryland whether the matter was presented to the House committee.

Mr. TYDINGS. I do not believe it was; I believe the House made the cut without having had as thorough a hearing on the matter as the Senate committee had.

I read the testimony of the Postmaster General upon the matter:

The next item is with reference to post-office inspectors.

Post-office inspectors, salaries: The amount approved by the Bureau of the Budget was \$3,025,500, which provided for 100 additional inspectors. The House committee approved 25 additional inspectors, providing for their employment for the fiscal year 1944 only.

The 1-year limitation on the new positions is impractical as new men would be dropped before their 3½-year training period was completed.

Under war conditions the examination of post offices by inspectors is more necessary than ever before.

It is a regrettable condition that during the last fiscal year, due to a depleted force, war work, and other emergency cases, inspectors were unable to examine and audit but 63 percent of our first-, 56 percent of our second-, 38 percent of our third-, and 48 percent of our fourth-class post offices.

Because of lack of experience on the part of many new postal employees and officers who have replaced those who have joined our armed forces, the advice and counsel of inspectors are especially needed to avoid wasteful expenditures and protect postal revenues. Lack of such advice and counsel may result in an increase in cases of delayed mails, embezzlements, and shortages.

It was upon the basis of that specific testimony that we restored the appropriation.

Mr. McNARY. Mr. President, I have never enthused over increases by a Senate committee if they have not first been presented to the House committee. Such a procedure almost amounts to an evil practice. In the long years of service I have had here, when a matter is not presented to the House committee, but the representatives of the agency concerned come to the Senate committee and ask for an increase, I am not so much concerned about the increase in the amount of the appropriation, but I am stingy about the manpower of the country. Unless a very excellent case has been made for the increase of 75 inspectors, unless the matter was presented to the House committee and the House committee had a reason—a good reason, a decent reason, a common-sense reason—for rejecting the request, I do not think the Senate Appropriations Committee had any right, upon the basis of the statement the Senator just read, to propose to increase the number of inspectors.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McNARY. I am practically through. I speak with considerable earnestness because I do not like such increases to bob up in the bill as reported to the Senate unless the House had the

matter before it and, for some reason, unjustifiably refused to increase either the appropriation or the number of employees involved.

Mr. TYDINGS. The Senator is correct, and I agree with his review of the case. However, let me point out that the situation came about in the following way: The Postmaster General, with his assistants, generally comes before the House Appropriations Committee and presents the Post Office Department's case. Some questions are asked by the committee. When the witnesses are through, the House Appropriations Committee goes over the testimony and makes reductions where it deems wise.

Often the Postmaster General or other representative of the Department is not cognizant of the fact that the House committee is looking at a particular item, and therefore does not give it, unless the committee so requests, the full scope of information pertaining to that particular item. When the House makes a cut, and the bill thereafter comes to the Senate, the Postmaster General knows about the cut; he has been put on notice, and he comes to the Senate committee and gives us all the details. Therefore, quite often we have information which the House Appropriations Committee did not elicit from the witnesses when the Post Office Department officials were before it.

However, I should say to the distinguished senior Senator from Oregon that I shall be a member of the conference. The matter will be in conference; and if any case can be made out for the elimination of a single one of these employees, I shall take the House view. But, pending the counter argument from the House, it appeared to us, from all the information available, that it would be to the Government's interest, from the standpoint of both economy and efficiency, if we were to provide these inspectors for the Department.

Mr. McNARY. Mr. President, I feel somewhat comforted by the personal assurance of the very able senior Senator from Maryland. I have great faith in his integrity and his desire to economize. Being in a helpless position, I must rest with the satisfaction that I have elicited a promise.

Mr. WHITE. Mr. President, the doubt expressed by the Senator from Oregon prompts me to say a word in justification of my own support of the action of the Senate committee. It seems to me that our post-office inspection service is a service in the public interest. If it is, it ought to be sufficiently manned to meet its responsibilities under the law. If it is not, it should be abolished in its entirety. When testimony was brought to us that in the past year, with the then force, the post-office inspectors were able to inspect only 63 percent of a certain class of offices, and a diminishing percentage of other classes of offices, it seemed to me that there was justification for the increased number sought. If there is no such justification, it seems to me there is no justification for the post-office inspection service. That was what primarily influenced me.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the



committee amendment on page 36, commencing in line 14.

The amendment was agreed to.

The next amendment was, on page 37, line 4, after the words "Post Office Inspection Service", to strike out "\$1,001,450" and insert "\$1,089,200."

The amendment was agreed to.

The next amendment was, on page 37, line 8, after the word "of", to strike out "three hundred and thirty-six" and insert "three hundred and forty-seven"; and, in line 11, after the word "inspectors", to strike out "\$815,000" and insert "\$835,900."

The amendment was agreed to.

Mr. McNARY. Mr. President, I shall not be fussy, but I am curious to know if these clerks are employed in the District of Columbia.

Mr. TYDINGS. They are field clerks.

Mr. McNARY. If they are field clerks, I will subside with that statement.

The ACTING PRESIDENT pro tempore. The clerk will state the next committee amendment.

The next amendment was, under the subhead "Office of the First Assistant Postmaster General on page 39, line 5, after the word "services", to strike out "\$8,600,000" and insert "\$8,700,000."

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Second Assistant Postmaster General", on page 40, line 13, before the word "service", to insert "and air mail."

The amendment was agreed to.

The next amendment was, under the subhead "Public buildings, maintenance and operation", on page 51, after line 14, to strike out:

SEC. 204. No part of the money appropriated in this title shall be expended for the purpose of collecting, sorting, handling, transporting, or delivering free the mail of any officer in any executive department or administrative agency of government.

The amendment was agreed to.

The next amendment was, on page 51, after line 19, to insert:

SEC. 204. The Director of the Bureau of the Budget and the Postmaster General are hereby directed to conduct jointly a study of the use of the mails free of postage by the departments and independent establishments of the executive branch of the Government, and shall report to the Congress not later than 60 days after the passage of this act such actions as may be considered in the best interests of the Government toward reduction in the volume and cost of handling such penalty mail.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. That completes the committee amendments.

Mr. TYDINGS. Mr. President, I am authorized and directed by the Committee on Appropriations to offer two amendments from the floor. The first amendment was submitted by the Senator from Virginia [Mr. GLASS]. The committee recommends its adoption. I send it to the desk and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment offered by the Senator from Maryland [Mr. TYDINGS] on behalf of the committee will be stated.

The CHIEF CLERK. On page 13, line 5, after the word "Treasury", it is proposed to insert "Provided further, That field employees of the War Savings Staff may be reimbursed, at not to exceed 3 cents per mile, for travel performed by them in privately owned automobiles while engaged in the promotion of the sale of United States Government securities (estimated War Savings bonds) within the limits of their official stations."

Mr. BYRD. Mr. President, the Treasury Department has the right to deduct 1 percent from the proceeds from the sale of War bonds for the expense of selling the bonds. As I understand, the bill would limit that expenditure to a certain specific amount.

Mr. TYDINGS. This particular amendment—

Mr. BYRD. I am not speaking of the amendment. I am speaking of the fact that by authority of other legislation, the Treasury Department has the right to spend 1 percent of the proceeds from the sale of War bonds for the expense of selling.

Mr. TYDINGS. I think the Senator will find the answer to that question on page 12, under "Expenses of loans."

Mr. BYRD. My question is whether the limitation in this bill would take precedence over the other legislation, which allows a deduction of 1 percent.

Mr. TYDINGS. I understand that it would take precedence over it.

Mr. BYRD. Then \$58,600,000 is the total amount which the Treasury may spend.

Mr. TYDINGS. That is my understanding.

Mr. McNARY. Mr. President, may I be advised where this insertion is to occur?

Mr. TYDINGS. On page 13, line 5, after the word "Treasury."

With the indulgence of the Senator from Oregon, I should like to explain what caused the committee to recommend this amendment.

We had before us a very large number of persons from the Treasury Department, most of whom have come here very recently. Many persons taken from banking institutions and business houses are aiding in the sale of bonds and stamps. We were more critical of them, perhaps, than of any other Treasury officials who appeared before us, because the cost involved in selling War bonds and stamps seemed to be large. We asked them to show us the mechanics which they employed in the sale of bonds and stamps. Our first inclination was to cut out many of the things they were doing by denying them the money with which to do them. However, on the whole, the results seemed to justify the expenditure of money for promotion purposes.

This particular amendment was an offshoot of that inquiry. We favored it for this reason: There are a great many volunteers in the War Stamps Savings Branch who are in the habit of going to various plants located outside of cities, at their own expense and without any salary, to induce the workers to buy War stamps and bonds, and

also to establish various plans for weekly and monthly savings. Many of them get no pay at all for this work. They have voluntarily enlisted in the sale of War bonds and stamps. Therefore we felt that they had some right to come to us and present their case, not for salary, but for an allowance to take care of their expenses. Because of gasoline rationing and other limitations incident to the war, it is often difficult to get volunteers to go to a plant, because they must pay all their expenses in addition to giving their own services.

After we had assured ourselves that if this request were granted as the Treasury Department wished it to be granted by the Congress, it would not be abused, that the Department would adequately police the fund, and that more War stamps would probably be bought, the Senate Appropriations Committee authorized me to offer this amendment on behalf of the committee to provide an allowance of 3 cents a mile for travel by persons who are engaged in the sale of War stamps and bonds at plants located near cities.

Mr. McNARY. May I ask with respect to this amendment, as I did with respect to the former one, was the matter presented to the House committee?

Mr. TYDINGS. I am advised that it was, and that the request was rejected by the House committee.

Mr. McNARY. Unquestionably the amendment is subject to a point of order. It is legislation on an appropriation bill.

Mr. TYDINGS. That is correct.

Mr. McNARY. Has the Senator given notice to suspend the rule?

Mr. TYDINGS. I have.

Mr. McNARY. I had something to say along this line when another bill was before the Senate last week. I think it is an intolerable and vicious practice to legislate on appropriation bills. This is a small item as compared with the very large one presented by the distinguished Senator from Arizona [Mr. HAYDEN] last week, which was purely legislative in character, and was rejected by the Senate on that account, and properly referred to the appropriate committee having jurisdiction.

Why did the House reject this request, and why did the Senate committee take a different view?

Mr. TYDINGS. The House rejected it for the very reasons which the Senator has so ably expounded. I believe the only reason the Senate committee took a different view was the testimony of Mr. Graves, who is in charge of War Savings bond and stamp sales all over the country. As I recall, he was before the committee for 2 or 3 days, and we questioned him in great detail. After we had gone into the subject at some length, it seemed that the results which would flow from giving the department this opportunity to extend the sales of War stamps and bonds to factory plants, chiefly through volunteers, would far more than overcome the disadvantage.

I shall be perfectly frank with the Senator and tell him I share largely his views. If it were not a war measure, I

would not be in favor of it for a moment, but I realize there has to be some relaxation of the orthodox ways of doing business, particularly when it is justifiable on the ground of increasing the revenue received by the Federal Government.

Mr. McNARY. Mr. President, may I inquire how many employees would come within the provisions of the proposed amendment?

Mr. TYDINGS. I am advised that there are not many. For the most part, they are volunteers who are furnishing their own cars, their own rubber, and their own time, without salary.

Mr. McNARY. What is the Senator's standard for "not many"?

Mr. TYDINGS. We had information as to one or two communities, and I am taking that as a yardstick and applying it to the whole country. I remember there was an illustration given by Mr. Graves of airplane plants, adjacent to certain cities in California. Their War-stamp selling program had not been as aggressively pursued as it had been in other sections of the country, due to the fact that they were a long way from the center of population, and it was not always feasible to get the volunteers to use their own cars, gas, tires, and time to go to those points. In order to correct such situations, it is desired to offer some inducement.

Mr. McNARY. Does the able Senator state that the committee did not even investigate as to the number of employees who might be affected by this amendment?

Mr. TYDINGS. Mr. Graves testified that the number would fluctuate. It would depend on when drives were undertaken. Then volunteers would be obtained for short periods. The number of volunteers is not constant at all times.

Mr. McNARY. Did he not give an estimate as to whether there were 3 or 300,000?

Mr. TYDINGS. We asked him for an estimate, and my recollection is that he said he was not in a position to give one; but that, if the privilege were extended, he would see that it would not be abused, and he believed that if it were extended it would bring in increased revenues to the Government which otherwise would not be forthcoming.

Mr. McNARY. What amount of money does the able Senator think is involved in this amendment?

Mr. TYDINGS. I could not answer that question.

Mr. McNARY. Then the Senator does not know how many employees are concerned in this matter.

Mr. TYDINGS. I do not.

Mr. McNARY. Or how many would be affected, or what the probable cost would be.

Mr. TYDINGS. No.

Mr. McNARY. But, he does present the amendment.

Mr. TYDINGS. There is no one in America who could answer that question, because the answer would depend on the fluctuating number of volunteers who from time to time participate in the sales of War stamps and bonds. Of necessity, the number would be larger in one case than in another, but the

volunteers serve during the duration of the drive. For example, not long ago there was a big drive. I forget the amount involved, but allotments were made to all cities. Volunteers were solicited from every community in America. They went to various plants and tried to sell different plans to the workers and try to induce them to allot a certain portion of their pay to the purchase of War stamps and bonds. The volunteers did this at their own expense, they paid for their own gasoline and received no salary. Mr. Graves said he thought this compensation would be helpful by affording encouragement to the volunteers; that better service would be received from them and they would make more frequent trips and put forth greater effort in selling the plan. He said that in the past they could not always induce volunteers to make this effort, but they would be able to do so if they could give them this encouragement.

I have no particular reason for advocating the proposal. I wish to present it to the Senate and if the Senate thinks it is unwise, I shall be content, of course, as I am in any case, and shall abide by its decision.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. TYDINGS. I yield.

Mr. AIKEN. I was wondering if under the proposed amendment thousands of volunteers could be designated as field employees for the sale of savings stamps and then be reimbursed for their mileage. Does the Senator know whether or not that could be done?

Mr. TYDINGS. I do not entirely follow the Senator's question.

Mr. AIKEN. The amendment applies to the field employees engaged in the sale of War Savings stamps. The Senator has stated that large numbers of volunteers are engaged in these drives.

Mr. TYDINGS. That is correct.

Mr. AIKEN. Is there anything in the law which would permit volunteers to be designated temporarily as employees of the War Savings Staff and thus be entitled to receive 3 cents a mile for the use of their cars? I was wondering just how far the amendment would go.

Mr. TYDINGS. Of course, a volunteer would have to be approved by the War stamp selling agency in Washington before he or she would be entitled to any mileage benefits.

Mr. AIKEN. But the Senator thinks it might be done.

Mr. TYDINGS. Will the Senator repeat the question?

Mr. AIKEN. Does the Senator know of anything that would prevent that being done?

Mr. TYDINGS. No money has ever been appropriated for this work heretofore. This is an attempt to provide the money. As I understand, no money has ever been allowed for expenditure in this particular field under any provision of any appropriation bill.

Mr. McNARY. I do not want to take the able Senator from Vermont off his feet, but provision for promoting the sale of War Savings stamps by implica-

tion would necessarily come under a military supply bill; would it not?

Mr. TYDINGS. No; I think it would come under the Treasury appropriation bill.

Mr. McNARY. War Savings?

Mr. TYDINGS. Yes; they are all under the Treasury in Washington.

Mr. McNARY. How large is that organization at this time? Of what does its staff consist?

Mr. TYDINGS. The figures are in the RECORD, but I do not recall them. We asked Mr. Graves to inform us as to the personnel and to explain the work he was doing, and the different programs he had put into effect.

Briefly, the only reason for the proposed amendment is merely this and nothing else: He feels that there are many plants in the country which are removed considerably from large centers. In these drives it is hard to get volunteers to go to those plants at their own expense, and use their own gasoline, to talk with the workmen during the lunch hour and induce them to subscribe.

Mr. McNARY. The Senator is now speaking of volunteers?

Mr. TYDINGS. That is correct.

Mr. McNARY. And the proposed amendment is to encourage them to sell War Savings stamps. They are outside the present organization and staff. I should like to have some description of the size of the staff and where the appropriation for it is carried.

Mr. TYDINGS. The Senator will find that information in the House hearings on pages 243, 244, and 245. The Senator will appreciate that I will not attempt to read in detail the composition of the staff as set forth in this document [exhibiting] because it can be seen from a distance that it is broken down into some 40, 50, or 60 categories. I can give him the totals which is what I believe he wants.

I may say generally that at the present time we have about 350 people in Washington, and 850 in the field, making a total of 1,200.

Mr. Graves then proceeds to break down that personnel in every category of its employment. After the salary paid the administrator the highest salary runs up to \$6,500. There are only two employees who receive \$6,500. There are three who receive \$5,000, and between that and \$6,000. There are six who receive \$4,000, and all the others receive less than \$4,000 a year; indeed most of them receive less than \$2,500 a year. So, from the standpoint of high priced personnel, this agency is not overloaded.

Mr. McNARY. Mr. President, I think that is a very direct answer. The Senator is always very frank and open in discussion of these matters. I can understand and visualize what the staff would do. The purpose of this amendment is to expand the organization so as to take in volunteers.

Mr. TYDINGS. That is correct.

Mr. McNARY. And every volunteer who uses a private car and shows that he has sold a stamp would receive 3 cents a mile for the use of his car. There is no limitation upon the possible abuse of a provision of that kind. Evidently the service in question has gotten along



very well up to date. They did not influence the House committee to expand the personnel, or invite these volunteers at 3 cents a mile.

Mr. TYDINGS. I think the Senator's statement has much force. I think the committee could have put some limitation by way of a safeguard around this proposal. I shall be very glad to pledge my abilities for whatever they may be worth to make certain that this amendment is safeguarded by appropriate amendment in conference so that it will not be abused.

Mr. McNARY. Again I may say, Mr. President, that I am highly gratified and partially satisfied. The Senator will do that, of course, but he can readily see the temptation for a private owner to take his car and volunteer to sell stamps. It might lead to very serious abuses, extravagance, and wastage of public funds.

Mr. TYDINGS. I think the Senator's observation is correct and sound. It is unfortunate that we did not foresee this condition, but I believe we can correct the amendment in the conference, so that it will be satisfactory to the Treasury and satisfactory to the Congress.

Mr. REVERCOMB. Mr. President—The ACTING PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from West Virginia?

Mr. TYDINGS. I yield.

Mr. REVERCOMB. I should like to make an inquiry of the Senator. Under the item "Expenses of Loans" how does the appropriation in the pending bill of \$58,600,000 compare with the appropriation for the present fiscal year for the same purpose?

Mr. TYDINGS. To what page is the Senator referring?

Mr. REVERCOMB. To page 12 under the item "Expenses of loans."

Mr. TYDINGS. I am not in a position to answer the Senator's question offhand, and, frankly, I do not know where to find it in the hearings. I am advised from a source that I am sure is accurate that last year the Department was given \$45,000,000 as a standard appropriation, and \$22,000,000 after that as a supplemental appropriation, making \$67,000,000 for this purpose last year, as against \$58,000,000 carried by the pending bill for this year. So there is a reduction of \$10,000,000.

Mr. REVERCOMB. Will the \$67,000,000 be used in the present fiscal year?

Mr. TYDINGS. I understand it will be.

Mr. REVERCOMB. Will it be used entirely under the item "Expenses of loans"?

Mr. TYDINGS. That is my information, I will say to the Senator.

Mr. GERRY. Mr. President—

Mr. TYDINGS. I yield to the Senator from Rhode Island.

Mr. GERRY. Can the Senator tell me how the jurisdiction of the Post Office Department extends to the mail of the military forces?

Mr. TYDINGS. As I understand, the Post Office Department takes the military mail to the military posts. The Post Office Department then, more or less, turns it over to the military post-office

organizations. However, some of the Post Office personnel has been detailed for duty in foreign countries, so that they may supervise the installation of the military post offices. Does that answer the Senator's question?

Mr. GERRY. The Senator has answered my question, but I should like to ask him another one. How is the expense borne for the mail after it is turned over to the military authorities? Is that carried in the military appropriations?

Mr. TYDINGS. My understanding, which I think is correct, is that the revenues siphon back to the Post Office Department.

The military post-office personnel act as quasi agents of the Post Office Department in line with the postal regulations, but in fact, are responsible directly to the military authorities and are detailed for that purpose. They are on detached service, so that, while they are under the Army, as a matter of fact, they take their orders from the Post Office Department.

Mr. GERRY. One reason I asked the question was I wondered how the expenses of the Post Office Department could be kept down if that item was added to them.

Mr. TYDINGS. It is done in the fashion of having men in each division set up a division post office or each detachment set up a detachment post office which is paid for out of the Army funds, but they are usually men who were in the Postal Service in civil life and who have been detailed for this particular function. The expense is paid directly from the military rather than from the post-office funds.

COL. ARTHUR EVANS, M. P.

Mr. BARKLEY. Mr. President, under our rules, members of legislative bodies of other nations are entitled to the privilege of the floor of the Senate of the United States. We are happy to have in our midst today a very distinguished guest who, at my invitation, has taken advantage of that privilege. He is now and has been for some 20 years, a member of the House of Commons from one of the districts of Wales.

In 1925, when the Interparliamentary Conference met in Washington, he was secretary to the British group of the Interparliamentary Union. He is now president of the British group of the Interparliamentary Union. We are all interested in the preservation of all parliamentary processes by which there may be an exchange of views and opinions not only between diplomatic representatives of all countries but between the legislative representatives who are chosen by the people directly.

We are interested in the preservation, therefore, of the Interparliamentary Union so that it may be revived in all its vigor and usefulness when the war is over, and, so far as possible, perform some useful function even during the war.

The distinguished member of the House of Commons to whom I refer is Col. Arthur Evans, whose communication to me was read at the desk on Tuesday and made a part of the CONGRES-

SIONAL RECORD, along with a communication from the Lord Chancellor of Great Britain to the Vice President.

Under the rules of the Senate the members of other parliamentary bodies are not permitted to speak unless a recess should be taken, and that was not thought desirable on the part of Colonel Evans. I wanted, however, to call the attention of my colleagues to his presence here, to his outstanding and distinguished service in the House of Commons and his standing in the British Empire, and to welcome him on the floor of the Senate as our guest. We are delighted to have him; we hope his visit to Washington and to America will be enjoyable and profitable and that he may have occasion in the future to return often.

(Colonel Evans rose from the seat he was occupying next to that of Mr. BARKLEY, and bowed.)

#### TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 1648), making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on the amendment on page 13, line 5, offered by the Senator from Maryland [Mr. TYDINGS] on behalf of the committee.

Mr. TYDINGS. Mr. President, unless some Senator desires to make a point of order, I shall not ask that the rule be suspended. I give my pledge to the distinguished leader upon the other side that we will bring this amendment back, if it is adopted, in such form that the safeguards which I know he wants thrown around it will be provided insofar as we are able to do it.

Mr. McNARY. Mr. President, I feel deeply in this matter insofar as there is a possibility, because of an amendment in an appropriation bill, of abuses occurring from overemployment and the expansion of the service to private individuals selling stamps.

I said awhile ago I was somewhat comforted by the pledge of the Senator from Maryland who is in charge of the bill. I could make the point of order which I suggested a moment ago might be made, and if I had the feeling which I should like to share that this amendment will be given very careful consideration, and that limitations will be placed upon it so that it will not expand the possibilities that lie within the amendment to include persons who are really not concerned about selling stamps; but may, more or less, be concerned about propaganda or political matters, I would not make the point of order.

Mr. TYDINGS. I promise the Senator, as one individual who will be on the conference committee, that I think his point is so well taken that I myself would be inclined to let the amendment go out unless there can be put around it safeguards which will confine it to the very worthy purpose for which it is intended.

Mr. McNARY. I am glad to rely upon that assurance.

Mr. WHITE. Mr. President, as I understand the amendment, it applies only to the employees of the War Savings Staff. The testimony before the committee was that there are throughout the entire United States about 350,000 volunteer workers in connection with the sale of stamps. This amendment, however, does not comprehend them, as I understand. I do not know the precise number of persons constituting the War Savings Staff.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. TYDINGS. The Senator will recall that during a part of the time when the post-office appropriation bill was before the Senate Committee on Appropriations the Senator from Maryland had to be in the subcommittee considering the naval appropriations, and it was during that time that this 3-cent proposition was being considered. I make this statement only because I was trying to explain this phase of the bill, not from having been present but from the manner in which I understood it had been acted upon by the Senate committee. I am very glad to have the correction made, because I thought this applied only to the groups to which I said it applied.

Mr. WHITE. To repeat, I understand the amendment does not apply to about 350,000 volunteer workers scattered throughout the United States, but only to the staff of employees in the Treasury Department. I do not know how many of those there are, but I understand that the estimates called for only about \$9,300,000 for the staff of War Savings employees in the Treasury.

Mr. President, when this matter was before the committee I felt that there might be great advantage in the amendment if it were wisely administered, but that there might be great harm and great abuse if it were improperly administered. I was inclined to assume, of course, that it would be wisely handled, and on the merits I was disposed to support it. But I am so much opposed to legislation by the Committee on Appropriations, I am so firm in my belief that it is in the interest of good general legislation that matters of this character should be considered by the appropriate legislative committees, that I did not give my approval to the action taken by the chairman under the authority of the full committee. I shall not vote now to suspend the rules in order to make this amendment in order.

Mr. TYDINGS. Mr. President, I was not present when the amendment was discussed and authorized by the committee, but in order to get the facts before the Senate, having unwittingly not stated them in accordance with the record, let me read for the RECORD one paragraph:

This proviso was incorporated in the item "Expenses of loans" by the Budget Bureau upon the Department's recommendation. The restoration of this proviso would materially assist the War Savings Staff in the performance of its duties in many large cities, as, for example, the cities of Chicago,

Philadelphia, Boston, Los Angeles, and San Francisco. Employees of the War Savings Staff assigned to these territories are required to hold several meetings daily in connection with the installation of pay-roll savings plans in industrial plants. If these employees could be permitted to use their own cars, on a reimbursable basis, a serious loss of time could be avoided. A similar proviso has already been approved by Congress with respect to certain other agencies. The amendment of the bill accordingly is recommended.

Mr. President, that is a statement made by Mr. Bell, Acting Secretary of the Treasury, and was read in the committee. I ask that action be taken on the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Maryland on behalf of the committee.

The amendment was agreed to.

Mr. TYDINGS. Mr. President, I send to the desk another amendment offered by the senior Senator from Virginia [Mr. GLASS], which I was instructed to offer for action by the Senate.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 33, line 25, after the words "Bureau of Accounts", it is proposed to insert the following:

Including the employment of temporary personnel by contract or otherwise without regard to section 3709 of the Revised Statutes or the civil-service and classification laws, for the purpose of making studies of the cost, rating, and accounting procedures of the Postal Service.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment.

Mr. TYDINGS. Mr. President, I suppose the Senate would like a brief word of explanation of the amendment offered by the Senator from Virginia [Mr. GLASS]. It has to do with the cost accounting board of experts. Postmaster General Walker, testifying, made the following statement:

They allowed me some money last year. I started on this shortly after I came into the Post Office Department and got an appropriation last year, and set up a budget and planning board of men in the office, and that has been very helpful.

TOO MUCH DETAIL WORK DEMANDED OF ASSISTANT POSTMASTERS GENERAL

We have been so crowded with work that most of our men over the years have had too much detail, and the executives have had little opportunity to do any thinking about constructive plans.

I wish to commend Mr. Walker's statement. It has seemed to me that in some of the other departments the experts have been doing nothing but thinking, and that down the wrong line. I continue reading from Mr. Walker's statement:

I think the Postal Department, in my opinion, especially the home office is guilty in not taking away details from the desk of Deputy First Assistant Donaldson, who has so much detail work he has not had an opportunity to get a full picture of the postal situation.

That applies equally in the Second Assistant's Bureau, Mr. Purdum's department. He

is in charge of air mail, domestic and foreign, and he also has charge of the Railway Mail Service.

I find Mr. Purdum oftentimes at his office at 7 or 8 o'clock at night. The same with Mr. Donaldson and other heads of departments. They have too much work, and I think with a little planning some of the detail can be eliminated.

COST OF MANAGEMENT PERSONNEL FOR POST OFFICE DEPARTMENT SLIGHT

Our low overhead expenses in the Post Office, compared to the average business, appeared amazing to me when I came in the Department, and I think they have done a remarkable job with very little help. The expenditures for management personnel in the Post Office Department, including the inspection service, amount to but \$0.006 for each dollar of postal expenditures.

I am not asking to increase our force very much at all. I think we just cannot do it overnight.

TYPE OF CONSULTANTS TO BE EMPLOYED

What I had in mind, as I stated to the House committee, was getting somebody who had been engaged in a somewhat comparable business to study our problems of cost ascertainment and cost accounting that improvements may be made so that I may supply the Congress with dependable data concerning rate structures and costs.

Fortunately, I am in touch with a man who has been comptroller of the American Telephone & Telegraph Co. It is highly desirable to get a man of that type. We are not taking a young man from the armed services, or one of the essential war industries, but one who has considerable experience and understudies for his present position. I think he streamlined the accounts for railroads some years ago in the Interstate Commerce Commission, and for the last 17 or 18 years has been comptroller of the American Telephone & Telegraph Co. They have a great many problems in estimating their costs, as we have here in our business, which compares somewhat to telephone, telegraph, and express businesses.

I do not think we will be able to establish our costs with absolute accuracy. You cannot do it mathematically the way it is being done now. We are hazarding a guess because we have such an immense volume of business and so many small articles.

Large business concerns know when it pays them to utilize the post-office system to carry their parcels, papers, and circulars and when it pays to provide their own transportation because they know their costs. We do not know our unit costs and cannot successfully present changes for increases or decreases in our postal-rate structures.

Mr. President, I think that statement presents the view of the Post Office Department on this matter better than I could state it.

Mr. McNARY. Mr. President, I listened as best I could to what the Senator read. I really do not know now what the amendment is about. I gathered from the reading of the hearings by the Senator that the House Committee on Post Offices and Post Roads very definitely rejected this proposal. I am seeking confirmation.

Mr. TYDINGS. I may say to the Senator from Oregon that the House allowed the same amount of money that the Senate Appropriations Committee recommended, but Mr. Walker submitted to us that the language of the bill was not such as would enable him to use the money as he wanted to use it. Hence we had to amend the language.



Mr. McNARY. What does the proposed language enable him to do that he could not otherwise do?

Mr. TYDINGS. The proposed language would permit him to go outside the civil service and obtain a competent man to make a survey of the Post Office Department in all its functions and branches, into income and expenses, and so forth.

Mr. McNARY. As I read the amendment it provides for "temporary personnel."

Mr. TYDINGS. Yes.

Mr. McNARY. As the Senator read Mr. Walker's statement I understood he wanted one man.

Mr. TYDINGS. Yes.

Mr. McNARY. There is no limitation provided in the amendment. "Personnel" is a term which can be expanded to any number of individuals.

Mr. TYDINGS. My understanding of the matter is that Mr. Walker is not asking for more money. He has enough money with which to do what he wishes in this connection. He is not asking for personnel. The House has already provided in the bill all the money he wants for this particular purpose. In other words, what Mr. Walker wants to do is to have a free hand to get the best man he can obtain to examine into post-office income and expenses and ascertain whether the weights and the charges and so on are accurate in line with the services rendered to the public.

Mr. McNARY. Would the Senator from Maryland be willing to have the amendment read "including the employment of a temporary expert," and eliminate the word "personnel"?

Mr. TYDINGS. On what line of the amendment is that?

Mr. McNARY. Line 3.

Mr. TYDINGS. I do not think that language would be at all objectionable to the purposes of the amendment.

Mr. McNARY. That would confine it to one individual and not permit the use of a multitude of individuals.

Mr. TYDINGS. I shall be delighted to accept that modification of the amendment.

Mr. McNARY. I propose that modification of the amendment.

The ACTING PRESIDENT pro tempore. The Senator from Maryland has agreed to the proposed modification of the amendment, and the amendment is so modified. Without objection, the amendment, as modified, is agreed to.

If there be no further amendments to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill, H. R. 1648, was read the third time and passed.

Mr. TYDINGS. I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. GLASS, Mr. McKELLAR, Mr. TYDINGS,

Mr. McCARRAN, Mr. BAILEY, Mr. LODGE, and Mr. WHITE conferees on the part of the Senate.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Taylor, its enrolling clerk, announced that the House had passed the bill (S. 660) to prevent certain deductions in determining parity or comparable prices of agricultural commodities, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 1780) to increase the debt limit of the United States, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. ROBERTSON, Mr. COOPER, Mr. DISNEY, Mr. TREADWAY, Mr. KNUSTON, and Mr. REED of New York were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1780) to increase the debt limit of the United States, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2068) making additional appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1943, and for other purposes, and that the House receded from its disagreement to the amendments of the Senate numbered 1 and 5 to the bill, and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 2076. An act to authorize the deportation of aliens to countries allied with the United States;

H. R. 2238. An act to authorize the return to private ownership of certain vessels formerly used or suitable for use in the fisheries or industries related thereto; and

H. J. Res. 92. Joint resolution to authorize the refund by the War Shipping Administrator of certain freights for transportation on frustrated voyages.

#### ENROLLED BILL SIGNED

The message also announced that the Speaker pro tempore of the House had affixed his signature to the enrolled bill (S. 17) to provide for a temporary increase in compensation for certain employees of the District of Columbia Government and the White House Police Force, and it was signed by the Acting President pro tempore.

#### HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred, as indicated:

H. R. 2076. An act to authorize the deportation of aliens to countries allied with the United States; to the Committee on Immigration.

H. R. 2238. An act to authorize the return to private ownership of certain vessels formerly used or suitable for use in the fisheries or industries related thereto; and

H. J. Res. 92. Joint resolution to authorize the refund by the War Shipping Administrator of certain freights for transportation on frustrated voyages; to the Committee on Commerce.

#### INCLUSION OF COST OF LABOR IN DETERMINING PARITY PRICES

Mr. SMITH. Mr. President, I move that the Senate proceed to the consideration of House bill 1408, calendar number 129, to amend section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, and the first sentence of paragraph (1) of section 2 of the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, approved June 3, 1937, as amended, so as to include the cost of all farm labor in determining the parity price of agricultural commodities.

Mr. McNARY. Mr. President, is that the Pace bill?

Mr. SMITH. It is the Pace bill, which came from the House several days ago, and concerning which, when I introduced it, I gave notice of my intention to move consideration today.

Mr. McNARY. I have no objection. I think, though, we should have a quorum present, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gurney	Radcliffe
Austin	Hatch	Reed
Bailey	Hawkes	Revercomb
Ball	Hayden	Reynolds
Bankhead	Holman	Robertson
Barkley	Johnson, Calif.	Russell
Bone	Johnson, Colo.	Scruggs
Brewster	Kilgore	Shipstead
Bridges	La Follette	Smith
Brooks	Langer	Stewart
Buck	Lodge	Taft
Burton	Lucas	Thomas, Idaho
Bushfield	McCarran	Thomas, Okla.
Butler	McClellan	Thomas, Utah
Byrd	McFarland	Tobey
Capper	McKellar	Truman
Caraway	McNary	Tunnell
Chavez	Maloney	Tydings
Clark, Mo.	Maybank	Vandenberg
Connally	Mead	Van Nuys
Davis	Millikin	Wagner
Downey	Moore	Wallgren
Ellender	Murdoch	Walsh
Ferguson	Murray	Wherry
George	Nye	White
Gerry	O'Daniel	Wiley
Gillette	O'Mahoney	Willis
Green	Overton	Wilson
Guffey	Pepper	

The PRESIDING OFFICER (Mr. Murdock in the chair). Eighty-six Senators having answered to their names, a quorum is present.

The question is on agreeing to the motion of the Senator from South Carolina that the Senate proceed to the consideration of House bill 1408.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 1408) to amend section 301 (a) (1) of the Agricultural Adjustment Act of

1938, as amended, and the first sentence of paragraph (1) of section 2 of the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, approved June 3, 1937, as amended, so as to include the cost of all farm labor in determining the parity price of agricultural commodities.

Mr. SMITH. Mr. President, it might be very well to have the bill read, but to do so would consume time. All the bill proposes to do is to provide that in calculating parity prices for agricultural commodities the increase in farm wages since the base period 1909-1914 shall be included. That is all; there is nothing else to the bill.

I may say that the bill was passed almost unanimously by the House of Representatives. It is so just and fair that I think it is hardly necessary for me to make any further remarks. I should like to state that in America there are only 8,425,000 farmers and farm families to feed not only the population and members of the armed forces of our country but also our allies.

The PRESIDING OFFICER. The bill is before the Senate and is open to amendment.

Mr. McNARY. Mr. President, of course I know the general purposes of the bill and the laudable objects which are attempted to be accomplished by it. Let me ask the distinguished Senator in charge of the bill whether the bill is the one which is known as the Pace bill?

Mr. SMITH. It is the Pace bill.

Mr. McNARY. Does it follow the outlines of the formula for parity which was proposed in the Senate a few months ago by the distinguished senior Senator from Oklahoma [Mr. THOMAS]?

Mr. SMITH. No. All it does is to repeat the law as it is, and to include the estimate as to labor which the Department has determined represents 32 percent of the cost of production.

Mr. McNARY. The answer does not quite cover my inquiry, or at least it does not have direct application to it.

I recall the amendment—and I supported it—offered some months ago by the able senior Senator from Oklahoma, the purpose of which was to include labor costs in the definition of parity.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. McNARY. I shall be through as soon as I finish stating my thought. Parity was described, as I recall, in the Agricultural Adjustment Act of 1938. It omitted labor costs; and the Senator from Oklahoma offered an amendment embracing labor in the definition.

My direct question was whether the Pace bill which passed the House and is now being presented by the very able senior Senator from South Carolina, chairman of the Committee on Agriculture and Forestry, would be similar in operation to the amendment which was offered a few months ago by the Senator from Oklahoma and adopted by the Senate?

Mr. SMITH. That is correct.

Mr. McNARY. That is what I wanted to know.

Mr. THOMAS of Oklahoma. Mr. President, if the Senator will yield for a brief statement, let me say that the amendment which the Senate considered on a former occasion was a very simple amendment embracing only about one line.

The pending bill proposes to amend all of the law which is on the statute books at the present time, for one specific purpose—to include in the parity formula farm labor of all kinds. As the law now stands on the statute books, it refers only to certain kinds of agricultural commodities. If the pending bill should be passed it would affect and apply to all agricultural commodities. The bill is in a different form, but it is intended to come to the same point or to establish in the law the same point as that which would have been established by the amendment we had under consideration in connection with the second price-control bill.

Mr. McNARY. Mr. President, if I may obtrude at this point, let me say that I am now coming to the general scope of the proposal.

In the Agricultural Adjustment Act passed in 1934, which was declared unconstitutional by the Supreme Court, and reenacted in 1938, parity applied only to the so-called major commodities—wheat, corn, cotton, tobacco, and rice.

Mr. THOMAS of Oklahoma. The five basic commodities.

Mr. McNARY. I say they were so-called. I never considered all five of them as wholly basic, as there are many other commodities, as I have stated on the floor of the Senate, the income from which is very much greater, but which were not considered basic or treated so generously as were the five commodities just enumerated. However, that matter is quite apart from my inquiry.

As I understand the bill, it includes all agricultural commodities; is that correct?

Mr. THOMAS of Oklahoma. That is correct; it applies to all.

Mr. McNARY. Not merely to the five?

Mr. THOMAS of Oklahoma. It applies to the five and to all others.

Mr. McNARY. Yes.

Mr. VANDENBERG. Mr. President, I should like to ask the Senator from Oklahoma a question?

Mr. THOMAS of Oklahoma. I do not have the floor, but with the permission of the Senator who has the floor, I shall be glad to answer a question.

Mr. VANDENBERG. Can the Senator tell me precisely what would be the net result in respect to parity prices? Would the bill result in raising the existing parity price upon every commodity?

Mr. THOMAS of Oklahoma. It would, in cases in which labor costs are involved.

Mr. VANDENBERG. And they are involved in the case of every commodity, are they not?

Mr. THOMAS of Oklahoma. I think so, unless the Senator can mention some commodity about which I do not know. The bill would affect the basic

commodities which involve labor—such commodities as corn, wheat, cotton, rice, and tobacco.

Mr. VANDENBERG. Does that mean that the increase in the market price would be in proportion to the increase in the parity price caused by the rise in wages and the cost of labor?

Mr. THOMAS of Oklahoma. The bill would increase the parity price. It has nothing to do with the market price. The market price is controlled by the supply and the demand. The record shows that some commodities now are far above parity. The bill, if passed, and if it should raise prices to the extent claimed by its most extreme critics, would not raise prices to the level of some of the present prices in the market places.

Mr. VANDENBERG. Mr. President, has the Senator an estimate as to what would be the impact upon market prices, as he views the situation?

Mr. THOMAS of Oklahoma. At the present time it would be practically nothing for the reason that the bill would have no effect whatever upon prices which now are above parity. It would have no effect upon prices which now are below parity because of the existence of surplus crops. The bill, if passed, would have an effect upon the parity prices of this year's crops. For example, when wheat comes on the market in July and August the parity price would be increased. Then, if loans are provided for wheat, the farmer will get a larger amount of money on his loan because he will have from 85 to 90 percent of a higher parity price. The same thing would be true with respect to cotton and the other crops which are eligible for loans. That is the only respect in which, so far as I can see, the bill would have any effect on the loan value this year.

Mr. SMITH. The estimate is that it may increase by 3 percent the parity on certain commodities as to which labor is involved.

Mr. VANDENBERG. Would that be translated into an increase in the market price?

Mr. SMITH. I do not know. Usually, if we start with a certain increase to the farmer, by the time we reach the consumer the increase is doubled. We have nothing to do with that. We are looking after the 8,000,000 farmers who now feed the world.

Mr. VANDENBERG. I sympathize with the Senator's objective; but I should like to know the ultimate impact on 122,000,000 other people.

Mr. SMITH. That would depend upon other factors than the amount of parity. We should do our duty and take care of those who multiply the costs from the farmer to the consumer. Our committee is now investigating that question.

Mr. McNARY. The bill would not affect the price of the carry-over of 600,000,000 bushels of corn and 100,000,000 bushels of wheat. Those crops are harvested. The costs have been determined. I believe I am safe in saying that practically all farm crops have



attained parity under the present formula. Is that not true?

Mr. SMITH. That is practically true.

Mr. THOMAS of Oklahoma. I might give the Senator some information on that point.

Mr. McNARY. I am asking for some data. I was not present at the meeting of the committee. I believe the committee reported this bill without holding hearings. Is not that true?

Mr. SMITH. There were no hearings.

Mr. McNARY. The only way we can obtain information is by asking the Senator in charge of the bill or some member of the committee or some other Senator who is fully advised on the general question. As I understand, under the present formula corn is now at parity.

Mr. SMITH. Yes.

Mr. McNARY. Wheat is slightly below parity; but, of course, the market price is controlled by the law of supply and demand. There is no question about that. The bill would affect the loan value which the farmer could receive for his corn, wheat, or any other commodity. Is not that true?

Mr. SMITH. That is true.

Mr. McNARY. Let us take the crop which is coming on and will be harvested during the marketing year beginning August 1. If we should now include farm-labor costs, the parity price would be raised, would it not?

Mr. SMITH. That is correct.

Mr. McNARY. What estimate have we with respect to the amount, in cents, which would be added to the parity price under the present formula during the marketing period beginning August 1 if we should pass the bill?

Mr. SMITH. Taking the House committee report, which I think every Senator should read, it is claimed that there would be an increase in the parity price of approximately 3 percent.

Mr. McNARY. On how many crops?

Mr. SMITH. On all crops with respect to which the cost of labor is included.

Mr. McNARY. That is not very clear. Some crops are highly mechanized. A great deal of machinery is used in harvesting wheat and corn, and labor is a small item. To my own knowledge, one combine pulled by a tractor can harvest about 40 acres of grain a day, with two men. The cost lies chiefly in the operation of the mechanized unit, and the manpower is small. However, in the case of other crops as to which hand labor is necessary in planting, thinning, and harvesting, and no mechanized facilities can be used, labor is a large item.

I have lived on this earth too long and have farmed too long to be fooled by the statement that the 3-percent increase would be a level increase applied to all crops. It must vary greatly. Let me give an illustration. In the case of wheat the increase in cost under this formula would be very little, and, in my opinion, the impact on the cost of bread would be almost nominal. In the case of fruits, vegetables, poultry, and dairy products, the labor costs are very much higher,

and the increased cost reflected to the consumer would be very much greater than in the case of wheat, cotton, or hay.

Mr. SMITH. I am not very familiar with the large-scale production of wheat. However, the House committee has this to say:

But that relationship cannot be maintained and the goal of parity income can never be realized, unless all of the things which the farmer must buy in order to produce that bushel of wheat are included in the calculation of parity prices. Most of them are included. The cost of farm machinery has gone up quite considerably, and this has brought about a slight increase in parity prices.

Of course, they are calculated in parity now.

Each item is weighted according to its respective percentage of use by the farmer.

Then follows a list of the things bought by the farmer, and the percentage of increase.

Mr. McNARY. Some one should answer this question: Assuming that the Pace bill becomes law, what reliable estimate have we regarding the increased cost of living to the consumer?

Mr. BANKHEAD. Mr. President—

Mr. SMITH. Mr. President, it is hardly possible to calculate what increase there will be to the ultimate consumer. The Senator is well aware of the fact that costs to the producer are multiplied beyond all reason by the time the product reaches the consumer. I cannot tell to what extent an increase in the parity price would ultimately increase the price to the consumer. That is outside my jurisdiction and control.

Mr. McNARY. Mr. President, I hesitate to concur in the Senator's view that anything in the farm picture is outside his jurisdiction or ability to understand.

Mr. SMITH. The Senator knows that the original raw material cost may be so much, but when the product gets into the channels of trade no one knows where the price will go. To illustrate: A Senator went to a packing house and found out what pork chops cost. When they reached Washington the price was almost 75 percent higher. He then ascertained the freight cost, which was about a cent and a quarter.

Mr. McNARY. Mr. President, the Senator knows, as I know—and I have never heard it contradicted—that there is a relationship between the raw material cost and the price of the finished product. There has always been such a relationship. In the Department of Agriculture, the Department of Labor, and the Department of Commerce, there are statisticians who from time to time furnish estimates as to what an increase in the cost of a raw product will represent when the finished product reaches the consumer. Of course, there may be some variations.

Mr. SMITH. I have never been able to see any connection between the price of the raw material and the price to the ultimate consumer. Of course, there are many theorists who speculate on the question.

Mr. McNARY. Mr. President, I am asking only for information to guide our course of action. I have seen a state-

ment in the press, which was attributed to one of the leaders of a great industrial group, to the effect that the passage of the Pace bill would increase the cost of living practically 30 percent. I do not believe that is true, but there must be some estimate by some Government agency. I believe that the increased cost to the consumer would be very much less, and in some instances would perhaps not be appreciable. However, there would be some increase.

Mr. SMITH. We might obtain an average from various markets, and an average of the costs of those who perform various services. The Senator from Alabama [Mr. BANKHEAD] says he has some figures.

Mr. McNARY. I know, Mr. President, that there are plenty of Government agencies which can give estimates of increased costs on all goods supplied to consumers if the costs of the raw materials are increased. Every Senator who has been here for some time and has been patient enough and careful enough in legislative matters readily understands that.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. BANKHEAD. I fully agree with the Senator.

Mr. McNARY. Of course the Senator does.

Mr. BANKHEAD. I have some figures which were prepared by the Bureau of Agricultural Economics, based upon estimates of the Bureau of Labor Statistics.

Mr. McNARY. Those are the two agencies which I have in mind.

Mr. BANKHEAD. They apply to wholesale food prices and retail costs during the period from 1942 to 1944. They show the retail costs of food for 1943, this year, without the Pace bill. This information shows the index figure to be 140.

Mr. McNARY. Yes.

Mr. BANKHEAD. With the Pace bill, it is 144.

Mr. McNARY. There is an increase of 4 points.

Mr. BANKHEAD. Yes. The statement says:

On the basis of estimated 1943 consumption separate computations indicate that each point increase in the index of retail food costs will cost the consumers \$190,000,000 for food. Therefore, the above table indicates that consumer expenditures for food would be increased \$760,000,000 in 1943.

And not into the billions, as has been so frequently publicized. Multiplying 4 by \$190,000,000 is how we get the total cost to the consumers for this year.

Mr. McNARY. I appreciate the very great courtesy of the distinguished Senator from Alabama. I know of the statistics to which he has referred, although I could not place my fingers upon them.

Mr. President, I wish to make a further observation. I have supported parity; I believe in parity. I believe the cost of labor should be included in a proper definition of parity, in all fairness to the agricultural producers of the country. Following that observation, I wish to ask if it is the opinion of the distinguished Senator in charge of the

bill that the enactment of the proposed legislation would bring about inflation, or increase the inflationary spiral that has attended our war efforts?

Mr. SMITH. Mr. President, I think many sins are being committed under the word "inflation." With the way things are going at the present time there cannot be very much inflation because there is not very much to buy. I see the American family has been rationed to 2 pounds of meat a week. So far as inflation is concerned, I do not see how there can be inflation when there is an abundance of things to sell. The pending bill is an attempt to arrange matters so that 8,000,000 producers will have the means with which to produce. The way we appropriate money, it seems to me, that if there is any danger of inflation it will come from that source. I do not think there is any danger of inflation from doing justice to the people who produce our foodstuff. Thirty-two percent of the cost of production is represented by labor. We are merely asking to have the amount of increase since the period from 1909 to 1914 taken care of in the parity price.

Mr. McNARY. Mr. President, I appreciate the kindness of the able Senator, the chairman of the Committee on Agriculture and Forestry. I desire to support the proposed legislation. I am sorry we did not have hearings on the measure, and go into some of the matters which rather disturb me. There are certain complexities involved in the bill about which I am concerned, particularly with regard to what effect it may have on other groups who may claim the right and privilege of asking for an increase in their wages.

Mr. President, I realize that psychology has to do with everything in life. It affects us in our war efforts and our domestic efforts. It affects the man in public life, as well as the private individual. The psychology may be a substantial factor or it may be a fantasy, but it has its direct effect upon the individual. If we should do something now which probably was not necessary which would serve as an argument to those who represent certain groups for demanding increases, I think probably such action would be unfortunate. Unless there is something in the pending proposal which merits attention at this time, I am in doubt about this being the proper time to urge its adoption. I place great stress on timing, whether it be in golf or farming. If we can avoid doing anything at this time which will prove an excuse to someone else to continue the upward spiral, I should like to see that course followed.

My remarks are in the nature of an inquiry. I am not finding fault. I think this is a matter which we should discuss, and arrive at some sane conclusion with respect to it. I know that, in order that he may expand his production, the farmer should receive more money for his products. If I had my way, there would be fewer restrictions, fewer ceilings, less regimentation, and less ration-

ing. If it were in my power, I would permit in every possible way the law of supply and demand to operate. I think some of the present ceilings should be punctured, but I do not know that the enactment of legislation is the right way in which to handle it. I should rather see the law of trade, rather than legislation, direct our course.

This is a matter which disturbs me, although I have always supported farm legislation when I thought it was within reason. I have had the problem before me for a good many years, but there is involved the question whether we are justified at this time in expanding the definition and operation of parity, or should permit a continuation until some future time of present prices, which are close to or above parity, thereby preventing an excuse for some of the groups to claim larger compensation for labor or supplies.

Mr. SMITH. Mr. President, all that concerns me and every other honest thinking man is whether farmers are entitled to their cost of production. Everyone knows that labor is 32 percent of the cost of production. Therefore, to repeat, the Government has undertaken to fix prices. It is fixing the prices of articles, and it decrees that the price the farmer shall receive is parity. As we understood parity, it meant the cost of production. That was the Government's act. In order to be fair, what have we considered as constituting parity? It is that the farmer's dollar shall be equal, as nearly as may be, to the dollar which he purchases. That was the concept of parity. Then, when those charged with the responsibility fixed parity, they left out the cost of the farmer's labor. They did not include the rise in the cost of labor. Now comes a time when the labor cost is 100 percent higher than it was when parity was fixed. The farmer says, "Just give me the rise in the cost, and it will be all right." What have we to do with what effect it will have, when we are face to face with an honest-to-God obligation to deal fairly? Is it right to say to the farmer, "Your parity shall be without consideration of the cost of labor"?

I just had a report which indicates that a certain telephone concern is demanding that wages paid every laborer shall be considered in fixing the price of its service. Then, why should not the farmer have the right to have the cost of his labor included in fixing his tariffs? That is all it is proposed to do. It is not a question of how it will affect other groups. According to that logic, if it is necessary to bring the farmer down to poverty in order to preserve other groups, then we should do it. The farmer represents the line of least resistance. He is not organized. Through certain leaders he comes here and does some lobbying, but today he is the only individual who is left in America who is not organized, and he thinks that we who represent him should deal fairly with him. This bill provides only that whatever the public consumes of what-

ever is produced shall take care of the extra cost of agricultural labor. That is all I am concerned with.

So far as the consumer is concerned, if he thinks I as a farmer must work and feed him at a loss to myself, I shall tell him that I am going to try to get the cost of what I produce.

As to the "ultimate price," that will depend upon many conditions which are not open here to us. I do not want to be put in the attitude of trying to protect others when justice to the group for which I am now speaking is absolutely essential.

Labor has gone up; the cost of the materials the farmer must have in order to produce are taken care of in the old formula, but the element of labor is left out. I insist that the Senate, in justice to itself, should see to it that in fixing the parity, which is the terminology used to express fairness to the farmer, his labor shall be counted in it. That is all I have to say about this bill.

Mr. McNARY. Mr. President, I am grateful to the distinguished Senator from South Carolina for his remarks. Of course, we all know that the idea of parity is based upon the interchangeability of the farmer's dollar with the service dollar and the industrial dollar. That has been known to some of us for a good many years. That, however, is not what I am discussing.

I supported the formula which was offered, very similar to this one, by the distinguished Senator from Oklahoma, and I can see that labor costs are reflected in all commodities which are above the parity line.

I am not sure that all the great farm organizations are happy about the presentation of this bill. Much as I love the great Senator from South Carolina—

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. McNARY. I yield.

Mr. SMITH. According to the report, it has the endorsement of all but one of the so-called farm organizations.

Mr. McNARY. Well, Mr. President, I still express my doubt that all the farm organizations at this time are supporting this proposal, and I had occasion to visit some of them within the last few days. I am not at this time attempting to say that I think this amendment should be defeated. I have been trying to inquire as to some of the reactions which may follow its adoption.

I particularly state that a great many farm products—I do not know how many, because there are no hearings printed upon this bill—are above parity, and in those instances labor costs are naturally reflected because of the operation of the great law of supply and demand.

Secondly, Mr. President, I think it is unfortunate to bring this question up now. I voted for a proposal such as this 3 or 4 months ago; I would support it at almost any time; but when one reads the newspapers, as we all do, and finds what some of them want to do in case the



cost of living is increased, there must come to mind the picture of almost uncontrollable inflation—not that I think the cost would be so high as to be particularly severe on any consumer, but there are certain groups in this country that like to take advantage of an increase in costs to further their plan of asking for greater compensation for services rendered. That is as plain as I can make it, and that is a fact that must be considered in the broad framework of this proposed legislation.

No formula can stand by itself; no one can be fair to legislation proposed if he does not take into consideration and properly analyze all the matters that go into its simple application. That is what we want to do now.

I should like to know if we have to do this now? Would it not be better to wait for a while and see if we cannot handle the farm problem by other methods?

I stated a moment ago, and it is worth repeating, that there are some instances where ceilings unfortunately are low but it has been the theory of those who placed the ceiling that we could get by with that through subsidization of either the processor, the manufacturer, or probably the producer of the raw material. I do not believe in subsidies. On the other hand, if we are going to discuss parity as a permanent solution to the farm problem, we must include the cost of labor, but is this the time to do it, when most of the processed products of agriculture are in excess of parity? That is the plain question that I want someone to discuss and answer, and I know of no one quite so capable of answering it as the distinguished Senator in charge of the bill, and his and my colleague from Oklahoma, whom we all admire, and our other colleague from Alabama.

Mr. SMITH. Mr. President, the only question that concerns me, and which should concern everyone else, is, Are the farmers entitled to add labor costs into the price of their product? That is all that is involved.

In reply to the Senator about the farm organizations, I do not know where the information was obtained but it is printed—and I have not heard it denied—that the farmers of the Nation are practically unanimous in their demand for the passage of this bill. I will enumerate some of the organizations: The National Grange, the Farm Bureau Federation, the National Council of Farmer Cooperatives, the National Cooperative Milk Producers' Federation, and other farm groups. I think those, however, about cover the situation.

Mr. President, I have been here a long time, and have heard much said to the effect that this is not the time to help the farmer. I never saw a time when it was admitted that it was time to do it. If there happens to be speculation that puts the price of some commodity above parity, how can we know that speculation will not put it down tomorrow? This is an effort to see to it that the farmer shall receive in his parity the cost of his

labor. All other considerations are pure theory.

The question seems to be what the effect will be on other groups. I am concerned with what the effect will be on the 8,000,000 men who produce the food and feed for this country, as well as for our allies. I think it is up to the Senate to decide here and now, without regard to what effect it will have on the price to the ultimate consumer, that the farmer is entitled to justice. That is all that is involved in this matter. I must go and hire hands to work my crops, and I must pay the cost out of my pocket, and is it to be said that the price is not to be reflected? I do not see how that can be.

Mr. LUCAS. Mr. President, I always dislike to find myself in disagreement with the very able chairman of the Committee on Agriculture and Forestry, of which committee I am a member. I have learned much under his guidance and leadership, as a member of that committee, since I have been in the Senate, but I find myself in complete opposition to the consideration of the Pace bill, especially at this particular time.

I take this opportunity of congratulating the minority leader in this body, the Senator from Oregon [Mr. McNARY], for the fine presentation he made, and the reasons he assigned as to why the Senate should not at this particular time consider the pending measure. I think he gave the Senate some wisdom and advice which at this moment we should follow. I hope that in the final analysis those in charge of the bill will decide to ask for postponement of the consideration of the measure, for many reasons, and the reasons have been more or less stated by the able minority leader.

I shall have quite a little to say in connection with the pending bill before the debate shall be concluded, but at this moment I wish to state that it seems to me rather unusual that the farm group would play into the hands of the labor leaders of this country; and that is exactly what is being done when we start out upon the road that is before the Senate at this moment. Only yesterday, before the Truman committee, we found Mr. Green and Mr. Murray both complaining at this time against the War Labor Board for failure to increase the wages in certain cases. All they are waiting for is an opportunity to use the Pace bill to go before the War Labor Board again and insist on an increase in wages, as a result of the increases in the prices, not 3 percent, but, according to the best authority, 14 or 15, or 16 percent, so far as the Pace bill is concerned.

Mr. President, what will be the result? The effect will be that the War Labor Board will not be able to stand the pressure.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SMITH. Because we desire to have the labor costs on the farm taken into consideration—it is not fixing the price of farm labor, it is taking the average—does the Senator think it is his

duty to deny a man the cost of the things the Senator eats and the clothes he wears? Because the farmer is not organized as a political unit, does the Senator think he can be fooled, and that we should not give him that to which he is entitled?

Mr. LUCAS. I think the farmers of this country are pretty well organized, if I know anything about organization. They have about the strongest groups that come before Congress. Labor and agriculture are both strongly organized. Their leaders are constantly before us advocating their views on legislation.

At this particular time I am not talking for either one of these groups. I am trying to look at the picture from a national viewpoint. I am attempting to look at the picture from the viewpoint of the consuming public. That is the unorganized, inarticulate group, which never has any representation in the Halls of Congress. There are millions and millions of those people, who are frozen to salaries, who cannot obtain any relief of any kind. Those are the individuals who are going to suffer if the Pace bill shall be enacted, because that is the start of the spiral of inflation, a dangerous leap, which, in my opinion, cannot be controlled once it is started. That is what I fear.

It is a strange thing to reflect that I, coming from the corn section of the country, and the Senator from Oregon, representing a great wheat section of the country, are the two individuals most vitally concerned in suggesting this be returned to the Senate committee, because both those basic commodities are below parity, while every other commodity that is worth while is above parity. Yet we stand here and ask, under those circumstances, that the pending bill not be considered at this particular time.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. McNARY. I am merely seeking information. I did not catch the last remark of the Senator, because I was discussing the bill with the junior Senator from Minnesota. What products does the Senator say are under parity?

Mr. LUCAS. Corn is practically at parity. Wheat is under parity.

Mr. McNARY. Are there any others?

Mr. LUCAS. Oats and rye.

Mr. McNARY. That is, the cereal group?

Mr. LUCAS. Yes. Practically all other commodities are above parity. They are all doing quite well, in the opinion of the Senator from Illinois.

Mr. President, I have a deep feeling about this question. I contend that if the bill is passed, and should then be passed over the veto of the President, it would be the beginning of the end on the home front. Inflation then would be here, and we could not stop it. We are having a difficult time right now dealing with inflation.

I rose primarily to furnish a little information to the Senator from Oregon,

because there is not a scintilla of evidence in the record anywhere as to what this bill would do with respect to the increase in price to the consuming public. There was not a line of evidence concerning that before the House committee. I called Monday last and requested the clerk of the House committee to furnish me the report on the matter, and she advised me that the committee had taken no evidence. Like the Senator from Oregon, I was unfortunate in not being present at the meeting of the Committee on Agriculture and Forestry last Monday, and I am told that in 15 minutes time the bill was reported favorably by the committee, and here it is on the floor of the Senate.

Mr. President, millions upon millions of dollars in the future are involved in this bill. The life of the home front of America is involved in it, and if the home front goes down, watch out for the military front. As a result of a 16-percent increase to the consuming public in this instance, I can see other groups coming in to ask the same thing, to ask what they think they are entitled to receive. The result will be that we will get into the old vicious spiral of inflation, and the little 16 percent or 14 percent increase, or whatever the farmer is going to get at this particular time, which he may think will help him, will, as he will find out in due course of time, cost him six times 16 percent.

Mr. President, why is it that we could not have had the Secretary of Agriculture, who is against the bill, testify before the committee? Why is it that we could not have had O. P. A. Director, Mr. Brown, who is against the bill, testify before the committee? Mr. Brown wrote a letter to me this morning, in which he said, among other things:

The Pace bill would raise parity prices of farm products by 14 percent. This, in the course of time, would drive up the retail prices of food 10½ percent, and add two and one-third billion dollars to the consumers' annual food budget. It would increase the Government expenditures for food by about three-quarters of a billion dollars per annum.

That is Mr. Brown's statement. That is the kind of testimony which ought to have been before the committee in order that the committee might have interrogated and cross-examined Mr. Brown upon that point. We should have had the right to cross-examine and interrogate the Secretary of Agriculture upon this question.

Mr. President, the corn farmers of Illinois are not for this bill. Earl Smith is the vice president of the American Farm Bureau, and president of the Illinois group. That group held a meeting at Springfield recently at which 1,500 farmers were present. They unanimously endorsed a resolution condemning the Pace bill as being dangerously inflationary. I am told that the Iowa Farm Bureau group has joined with the Illinois group in this fight. Why should not these farm leaders have a chance to testify before the Committee on Agriculture and Forestry?

Mr. President, if the bill shall be passed it will be a serious hour in the

life of the Nation. There is a strange thing about this parity formula, as the able Senator from Oregon said a while ago. In all commodities above parity, of course, the cost of labor is reflected, and I undertake to say in commodities below parity the labor costs are also reflected. Why do I say that? Back in 1933, when the parity formula was given to the people by the Congress, corn, for instance, according to the base period, was worth 62½ cents, as I recall. That base period was figured over 5 years from 1909 to 1914. The average price of corn for each month during that period of time was taken, the figures were added up, and the general average obtained. That is what is called the base period on corn.

What has happened to corn since that time? The parity price then was 62½ cents. Has it remained there? Not at all. Parity today on corn is 99 cents or \$1 per bushel. Parity is a relative thing. It has no fixed or definite scheme in the affairs of things. It moves up and down. So when parity on corn moves up, labor is reflected in that move, or in that price increase in corn. The price of corn may go up and it may go down, but in the beginning those who had anything to do with the parity formula left labor out of it. Why? Because then labor was cheap, and if labor had been placed in the parity formula at that moment as a factor, instead of corn being 62½ cents it probably would have been about 59 or 58 cents a bushel. So labor costs were left out. But in the last 2 years labor has spiraled to the top, and now, because wages are high on the farm, an effort is made to change the basic formula in parity in order to obtain an increase.

Mr. President, mark my words when the war is over, and the farmers who are now in the service of the country, who are in the shops, and in the industries making munitions and implements of war, flock back to the farms, labor will then become cheap, and then this parity formula will again be brought before the Congress, and we will be asked to change it in order to eliminate labor costs. That is exactly what will happen.

Mr. President, I hope that those in charge of the bill will postpone action upon it for awhile at least, or at least let it go back to the committee where some testimony can be taken upon this important matter. No testimony has been taken on it. Whatever testimony was taken on the Thomas amendment last September is not pertinent today, because of the change in conditions of the affairs of the country. I do not know where the facts were obtained which are set forth in the report on the Pace bill. Someone sent me a report on the bill which was made by the House committee. The truth of the matter is that no evidence was taken by that committee. I say with all the sincerity I possess that this measure is too important to the Nation and to the world to be passed now without exploring each and every fact involved in its provisions, and involved in the effort, which we have con-

stantly tried to make, to keep down inflation.

Only a few days ago, when the distinguished Senator from Georgia [Mr. GEORGE] brought in a bill dealing with the \$25,000 limitation on salaries, he explained that the Disney amendment was defeated in the Senate committee—why? Because it permitted the salary of one having \$2,000, \$5,000, or \$10,000 to be raised to a point of \$67,000, if necessary. Such a raise in salary could be made under the Disney amendment. We all agreed that that would be inflationary and should not be done. That was the primary reason why the Disney amendment was amended, and why the Senate acted as it did.

If the bill now under consideration is not inflationary, then I do not understand the meaning of inflation. No one, Mr. President, has more interest in the farmer than has the Senator from Illinois. I know what happened after the last war. I know what will happen after this war if we do not control inflation. The individual who thinks he is receiving a little benefit as the result of a 16-percent increase in wages may find himself ruined and bankrupt after the war, if inflation hits us, as I think it will if the bill is passed.

That is all I care to say at this time, Mr. President.

#### SUPPLEMENTAL NAVAL APPROPRIATIONS—CONFERENCE REPORT

Mr. OVERTON submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2068) making additional appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1943, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 2.

That the House recede from its disagreement to the amendments of the Senate numbered 3 and 6; and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$750,000,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "toward contract authorization heretofore granted, to remain available until expended, and this appropriation shall be available for expenses incurred prior to July 1, 1943, pursuant to the contract authorization contained in this Act in consequence of Public Law 1, approved February 19, 1943"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows:

#### "CONSTRUCTION OF FLOATING DRYDOCKS, NAVY

"The Secretary of the Navy is authorized to enter into contracts in the amount of not to exceed \$210,000,000 for the construction of mobile floating drydocks and collateral facil-



ties and incidental work, and such other objects, as authorized by the Act approved February 19, 1943 (Public Law 1)."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1 and 5.

CARL HAYDEN,  
MILLARD E. TYDINGS,  
JOHN H. OVERTON,  
GERALD P. NYE.

*Managers on the part of the Senate.*

HARRY R. SHEPPARD,  
ALBERT THOMAS,  
JOHN M. COFFEE,  
JAMIE L. WHITTEN,  
J. W. DITTER,  
CHARLES A. PLUMLEY,  
NOBLE J. JOHNSON.

*Managers on the part of the House.*

The report was agreed to.

The PRESIDING OFFICER (Mr. MURDOCK in the chair) laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 2068, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,

March 24, 1943.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the bill (H. R. 2068) making additional appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1943, and for other purposes, and concur therein with the following amendment:

Restore the matter stricken out by said amendment amended to read as follows:

"Provided, That, except as hereinafter provided, no appropriation for the Navy Department or naval service available during the fiscal year 1943 (except funds transferred or made available to other executive agencies for use for naval purposes) shall be used after March 31, 1943, for the employment of persons for the performance of service in other than the Navy Department or elsewhere than under the Navy Department, except (1) employees who had been employed by and performing service under the Navy Department for 3 months or more immediately prior to their detail for service elsewhere, and (2) employees now or hereafter detailed and assigned pursuant to the lawful authority of the Secretary of the Navy to any committee of the Congress operating under resolution duly authorizing such assignment and the allocation for that purpose of funds now available therefor or appropriated hereunder, is hereby authorized"; and

That the House recede from its disagreement to the amendment of the Senate numbered 5 to said bill and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment insert: "Provided, That so much of the Naval Appropriation Act, 1943 (Public Law 411, 77th Cong.), under the heading 'Pay, subsistence, and transportation of naval personnel' as reads 'Provided further, That no part of this appropriation shall be available for the pay of any midshipman appointed from enlisted men of the Navy who has not served aboard a vessel of the Navy in full commission or performed equivalent service with fleet aircraft for at least 9 months prior to admission to the Naval Academy', is amended to read as follows: 'Provided, further, That during the present emergency qualified enlisted men of the Navy, Naval Reserve, and Marine Corps may be appointed to the Naval Academy after 9 months of service.'"

Mr. OVERTON. Mr. President, I move that the Senate agree to the amendments

of the House to the amendments of the Senate numbered 1 and 5.

The motion was agreed to.

#### INCREASE IN THE PUBLIC DEBT LIMIT; LIMITATION OF SALARIES—CONFERENCE REPORT

Mr. GEORGE submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1780) to increase the debt limit of the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

WALTER F. GEORGE,  
DAVID I. WALSH,  
ALEX W. BARKLEY,  
ROBERT M. LA FOLLETTE, Jr.,  
A. H. VANDENBERG.

*Managers on the part of the Senate.*

R. L. DOUGHTON,  
JERE COOPER,  
WESLEY E. DISNEY,  
A. WILLIS ROBERTSON,  
ALLEN T. TREADWAY,  
HAROLD KNUTSON,  
DANIEL A. REED.

*Managers on the part of the House.*

The report was agreed to.

#### INCLUSION OF COST OF LABOR IN DETERMINING PARITY PRICES

The Senate resumed the consideration of the bill (H. R. 1408) to amend section 301 (a) of the Agricultural Adjustment Act of 1938, as amended, and the first sentence of paragraph (1) of section 2 of the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, approved June 3, 1937, as amended, so as to include the cost of all farm labor in determining the parity price of agricultural commodities.

Mr. TAFT. Mr. President, I wish to oppose the bill. I do it with regret, knowing the care which has been devoted to it by the members of the committee.

I do not think the question is one of parity. Parity is a very complicated question about which it is so very easy to argue that argument can be made on all sides of it.

The bill is a measure not to increase parity, but to increase farm prices, and was so described by its sponsor. The purpose is to increase prices and thus to increase production. So Congress is asked, by taking the action requested, to increase farm prices.

Mr. SMITH. Mr. President, will the Senator from Ohio yield to me so that I may ask him a question?

Mr. TAFT. I yield to the Senator from South Carolina.

Mr. SMITH. We have heard about inflation, and we hear about increasing the prices received by farmers. The only question involved in the pending bill is this: Since we have established parity, shall we allow parity to involve the farmer's costs of production—that is, his

labor costs? If to do so will destroy our home front—

Mr. TAFT. Mr. President, is the Senator asking me a question or is he making a speech?

Mr. SMITH. Mr. President, I desire to know if the Senator from Ohio wants to deal fairly with the farmers of the country.

Mr. TAFT. I certainly do want to deal fairly with the farmers of the country. My feeling is that in opposing the bill I am serving the best interests of the farmers. I think no one would suffer more from a general inflation than would the farmers.

Let me say that I have studied the comparative figures, which I think are interesting, for the last 2 years covering increases of farm prices and labor prices. In the 2 years from the first of January 1941 to the first of January 1943—which has been the period in which there has been the increase; before that time, prices and wages were relatively stable for a number of years—farm prices have increased, according to the index, from 69.7 to 115.2. In other words, the farmer has had an increase of 60 percent in farm prices. At the same time the cost of living has gone up about 20 percent—perhaps slightly more than 20 percent. Hourly wage rates have gone up 33 percent. Average weekly earnings of labor have gone up from \$26.90 to \$40.27—an increase of 50 percent. In other words, in these 2 years farm prices have already gone up 60 percent, and the average weekly earnings of labor have gone up 50 percent.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. I think there is one other percentage which the Senator from Ohio has omitted. I understand that the profits of industry have increased 300 percent.

Mr. TAFT. No, Mr. President; I think the profits of industry have not increased 300 percent. However, I do not have the figures. I shall be glad to obtain them and to insert them in the Record.

Mr. AIKEN. I think the Senator will find that that figure is approximately correct.

Mr. TAFT. No; it is not correct. So far as dividends are concerned—and dividends are the ultimate result of the activity of industry—I think they have scarcely gone up at all. So far as interest is concerned, it has not gone up at all.

Mr. VANDENBERG. Mr. President, if industrial profits have gone up 300 percent, they are all excess profits, and are taxable up to 90 percent.

Mr. TAFT. Of course, if the Senator from Vermont is referring to gross profits, I am not sure that he may not be right; but taxes have increased to such an extent that, roughly speaking, as I remember, 2 years ago the net profits of industry were approximately \$6,500,000,000, and this year the net profits of industry, as I estimate them today, will be approximately \$8,000,000,000. So I should say the increase in the net profits

of industry for the 2 years does not exceed 33 percent.

Mr. AIKEN. Mr. President, my authority was the Chairman of the Maritime Commission, in a statement which he made the other day.

Mr. TAFT. I think the Chairman of the Maritime Commission may have been referring to steamship companies; and in that connection the figure may be correct. I know nothing about steamship companies. But according to information available to the Finance Committee—I should like to correct the figures if I find them to be wrong—in 1940 the net profits of corporations were, after taxes, approximately \$6,000,000,000. For the year 1942, the net profits of corporations, as we now estimate them, will be approximately \$8,000,000,000—or an increase of 33½ percent.

Mr. AIKEN. Mr. President, let me call the Senator's attention to just one other point, which is that the farmer also is subject to the excess-profits tax. I do not know what the amount has been, or what amount has been collected from the farmers because of excess profits.

Mr. TAFT. Of course, excess-profits taxes apply only to corporations, and almost no farmers are incorporated. So the statement of the Senator from Vermont is hardly accurate.

In any event, Mr. President, what has happened in these 2 years is that farm prices have gone up 60 percent, an increase which is undoubtedly balanced by the increase in general. I think there can be no question about that. Whatever that increase in cost may be, I certainly would estimate that it would not be over 30 percent.

The increase in labor costs referred to is perhaps half of 32 percent of the total cost, which might be 15 percent. I should say that if the farmer fairly can be said to have retained 30 percent of the increase of 50 percent in the average weekly earnings of labor, he also has had to give up approximately half of that because of the increase in the cost of living. I maintain that today both the farmer and the laborer have benefited substantially from the effect of the war, that the farmer is a great deal better off than he was 2 years ago, and that the relative rise in the farmer's income has not been duplicated for any other class of individuals with whom I am familiar. I do not say that the farmers were not entitled to it; I do not say that before that time they were fairly treated; but I do say that the increase has occurred. I do not say that is a good place to stop. I do not say there should not be increases for some classes of labor. I do not say there should not be increases in the prices of some farm products. I know of some for which there should be increased production; but that will not be obtained by adopting a formula based on some mythical conception of parity on which it is impossible to reach any agreement.

As I understand the bill, it will have two effects. In the first place, it will immediately raise the parity price. That rise will not be for the next crop or for anything else; it will be an immediate rise in the parity price. That will have the effect of forbidding the Price Ad-

ministrator to fix the price of any of those products below the new parity price.

I voted for the bill the Senate recently passed, providing that the Price Administrator should follow our instructions, that he should not fix the prices below parity prices, and that he should not take into account the various subsidy payments or soil-conservation payments, because we fixed parity as the floor below which he could not fix a maximum price.

Of course, the effect of the bill would be immediately to raise that floor, and to say to the Price Administrator, "Whereas before you could not fix the price below a dollar a bushel, now you cannot fix the price below \$1.10 a bushel."

What the effect of that may be, I do not know, but the net result is certainly to be an over-all increase, regardless of whether we want to increase the production of a particular crop. After all, we must leave the question as to the prices of particular crops to an administrative agency. I am opposed to fixing any prices in time of peace. I thought it was absolutely essential to fix them in time of war. If they are to be fixed, we must delegate to someone the power to fix them. We cannot determine the prices. We do not know what the circumstances are. The Committee on Agriculture and Forestry has not even held hearings to determine what are the actual circumstances with respect to individual crops.

Mr. President, the effect of the bill is to say that we think there should be a general increase in farm prices, and that we ourselves propose to put it into effect.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LANGER. During the last war the Senator from Ohio was chief assistant to Mr. Hoover, the Food Administrator.

Mr. TAFT. Not chief assistant. I was in the legal department.

Mr. LANGER. The Senator will remember that the price of wheat at that time was \$2.26 a bushel in Minneapolis.

Mr. TAFT. Yes.

Mr. LANGER. What is it today?

Mr. TAFT. The Senator can tell me.

Mr. LANGER. It is \$1.45 at Minneapolis. I should like to have the Senator name one product which the farmer buys the price of which has decreased in the same proportion.

Mr. TAFT. I believe that a comparison with the World War, if that is what the Senator means, is hardly one which I should care to make. In the World War, from beginning to end, prices rose to a level of 220, that is, by 120 percent. The effect in this country was disastrous. I do not think we ever recovered from it.

The very purpose of the Price Control Act is to prevent the kind of increase which took place during the World War. The purpose of the present policy is to hold back the increase in prices as much as we can. I think it can be held to 10 percent a year. So far the net increase has been approximately 20 percent, over a period of 2 years. I believe that if we can hold the increase to 10 percent a year, we shall be doing a good job; but

I do not believe we can do it if Congress insists on general increases throughout a whole range of products, instead of leaving the question to those who are trying to work out the problem in the best way they can.

I do not agree with the Price Control Administrator in some of his prices. I think we ought to increase some of them. I am willing to go with any farmer who has a case to present, and present the facts and urge them upon Mr. Brown as strongly as I can; but I do not believe that Congress should undertake by any general law to say that all farm prices ought to be further increased. They have already been increased 60 percent. A further increase would unquestionably be followed by an increase in the cost of labor. We could not prevent it. If the cost of living increases, we are bound to have an increase in the cost of labor; and when the cost of labor increases, we immediately increase farm parity again. Automatically that is the effect of farm parity. An increase in the cost of the products which are being sold is reflected back into parity, and we again increase farm prices. It is a spiral which will go on indefinitely. Perhaps we cannot stop it entirely, but certainly we do not have to insist, by deliberate action of Congress, upon the resumption of the spiral which has occurred.

Mr. LANGER. Mr. President, I have the highest respect for the opinion of the senior Senator from Ohio. I wish to call attention to one part of his argument which I think is fallacious. Take farm machinery as an example. During the last World War the price of farm machinery rose nearly to the level of 200. The prices of farm products went to about 220 or 221; but after the war, when hard times came, the prices of farm products dropped to 67, as the Senator well knows. However, the price of farm machinery has been going up continually. It has never dropped. There has been a succession of increases. During the past 2 years the price of farm machinery has reached its peak. Today the farmer is paying for a mower, binder, or combine, far more than he ever paid during the last World War, whereas for his wheat he is receiving 60, 70, or 75 cents a bushel less. It is not a fair deal for the farmer.

Mr. TAFT. Mr. President, a comparison with the last war is interesting. The last war afforded me the opportunity of first becoming acquainted with the junior Senator from North Dakota. I was in the legal department of the Food Administration, and the Senator from North Dakota was then attorney general of South Dakota. The Food Administration attempted to fix the price of wheat, which, as I remember, was selling for \$2.30 a bushel at the time.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. TAFT. I shall be glad to yield in a moment, if the Senator will permit me to finish this story.

Wheat was selling for about \$2.30 a bushel, and the attorney general of North Dakota proposed to impose an embargo on the shipment of wheat out of North Dakota because it was felt that



\$2.30 a bushel was not enough for wheat. Mr. Hoover sent me out to North Dakota. I spent the night with my friend the junior Senator from North Dakota in Bismarck. The next morning he took me out to show me why it was not possible to raise wheat for \$2.30 a bushel in North Dakota. He found some places in North Dakota where it was not possible to raise wheat for \$2.30 a bushel; but the net result was that finally he agreed to the price.

I mention this only to show that no matter what the price is, there are always plenty of arguments to prove that it ought to be higher. I believe that is particularly true of farm prices, because of the tremendous variation in the cost of raising farm products on one farm as compared to the cost of raising them on another farm.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LANGER. The trouble with the Senator from Ohio is that he has a very faulty memory. The truth of the matter is that wheat was selling for \$2.26 a bushel; but Mr. Hoover had slipped a clause into the regulations which provided that if the farmer did not sell his crop within 30 days after he harvested it, the Federal Government could come in, through the county food administrator, and take the poor farmer's crop. It so happened that in North Dakota a poor farmer had 2,000 bushels of wheat at Baldwin, N. Dak. One of Mr. Hoover's subordinates came in and took the farmer's wheat at the end of the 30-day period and sold it for \$1 a bushel. The result was that the attorney general ordered the arrest of everybody in sight, including the food administrator. The only reason Mr. Hoover escaped was because he was not in North Dakota at that time. [Laughter.]

The result was that Mr. TAFT came out to look the situation over. We went to Flasher, N. Dak., where I introduced Mr. TAFT to the local elevator man, who said, "I have been fooled before. This is not President Taft's son. This is a Non-partisan League organizer." [Laughter.]

The elevator man said, "I want to demonstrate that the rules which Mr. Hoover has promulgated for wheat are absolutely foolish." He pointed to the wall, where the 57 grades were posted. He said to the senior Senator from Ohio, "There are 11 bins in this elevator, but Mr. Hoover has 57 kinds of wheat. Under the rules and regulations I cannot mix this wheat. I have only 11 bins. You tell me how to run the elevator."

Mr. TAFT came back to Washington and did a splendid job for the people of North Dakota in getting Mr. Hoover to change practically all the regulations. One of the best friends the farmers of North Dakota had in Washington for years was the present senior Senator from Ohio, who got the rules changed so that we could operate an elevator in North Dakota honestly and legally. Lately he has not been associated with me enough to keep him from going back to the old standard. [Laughter.]

Mr. TAFT. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I believe that the law establishing the Food Administration in the last war provided that the minimum price of wheat should be \$2.25 at the terminal market. That was the minimum.

Mr. TAFT. That was later. My trip to North Dakota was in connection with fixing the maximum price. Then, in order to stimulate the production of wheat the following year, a special law was passed, in accordance with Mr. Hoover's program, to fix the price of wheat at \$2.50 a bushel. As a result, in the year 1918, we had the largest crop of wheat the country had ever seen. We had some difficulty in getting rid of the wheat, because the war came to an end and we had much more wheat than we needed. That is, as I recollect, the circumstances.

Mr. SHIPSTEAD. Does the Senator recall the date of approval of the Food Administration Act in 1917?

Mr. TAFT. The Lever Act must have been approved about June, 2 or 3 months after the war began.

Mr. SHIPSTEAD. The Senator will recall that wheat was selling at from \$3 to \$3.25 a bushel. When the Food Administration Act was approved, it contained a provision that the minimum price at the terminal market should be \$2.25. The Food Administrator said that should be the maximum price at the terminal market. Does the Senator remember that?

Mr. TAFT. My recollection is that the guaranty of a price for wheat was contained in a later act. I do not think the guaranty was contained in the first Lever Act. I am subject to correction. I do not remember. My recollection is that the Lever Act was the general act, and under it the Food Administrator fixed the maximum price of wheat. I think he guaranteed the minimum price of wheat by the following year, 1918.

Mr. SHIPSTEAD. Two dollars and twenty-five cents was guaranteed by the Food Administration Board. While the law said it should be the minimum price, the Board said it should be the maximum price at the terminal market.

Mr. TAFT. The Board may have said that. I am not sure what was in the law.

Mr. SHIPSTEAD. Will the Senator yield for another question?

Mr. TAFT. I yield.

Mr. SHIPSTEAD. Wages are based on the cost of living under the Little Steel formula. Is that not so?

Mr. TAFT. If the Board adheres to the Little Steel formula it will provide a 15-percent increase in wages over those prevailing on January 1, 1941—2 years ago. The actual increase in the cost of living today is slightly more than 20 percent. Therefore the Board is attempting to adhere to a formula which will not reflect the entire increase in the cost of living. In other words, that is the present rule. Whether it is a wise rule, I do not know. It is the rule to which the Labor Board is attempting to adhere.

Mr. President, as I have said, during the First World War there was a general increase in prices of 120 percent. I think

that brought on a most unfortunate result. It resulted in a great decrease later. It resulted in tremendous losses occurring by reason of speculation in farm lands on the basis of large increases in the prices of farm land as a consequence of high farm prices. I think it was responsible largely for the final coming of the depression itself in 1929 to 1932. I believe we should avoid the recurrence of such a thing. I do not think any argument as to what took place during the First World War is worth the paper it is written on. If something objectionable occurred during the First World War we should avoid it now in the midst of another war rather than encourage it. I think the increase which occurred—60 percent in the case of farm prices, and 50 percent in the case of labor—represents an important increase. We should now do everything we can to maintain that general level of prices and wages approximately where it is, and I have perfect confidence that no one will benefit more from that general policy than the farmer with whose interest we deal here today.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. WILEY. I have listened with a great deal of interest to the Senator from Ohio and also to the remarks of the Senator from Illinois. I am concerned about all the issues which have been discussed here. As I understand, there are but three commodities which would be affected, namely, wheat, corn, and rye. Am I correct in my understanding?

Mr. TAFT. I would rather leave the answer to that question to some expert. I do not know. I believe, however, that as various other commodities come in, considerably more than three commodities will be affected. If we are going to deal with those three commodities, we had better deal with them and say that our action does not apply to any other commodity. In such event I would not have so much difficulty with the bill. But I do not think the effect is limited to three commodities. It extends to every commodity which today has not reached 110 to 115 percent of parity. There are a great many such commodities. Whether it would have an immediate effect, or whether it would have merely an ultimate effect when the price gets to a point where the Price Administrator can fix a price, I am not prepared to say. On those questions I am afraid I must admit I am not informed.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. TAFT. I will yield to the Senator from Illinois to answer the question propounded by the Senator from Wisconsin.

Mr. WILEY. Before the Senator yields, I should like to make a comment. It seems to me that we have an utter lack of information on the subject. A wrong impression concerning it may go out to the country. We recently debated the measure doing away with the President's order placing a \$25,000 limitation on incomes. The country got the impression in that instance that if the President's order remained in force, the Nation would benefit; whereas it was

clearly demonstrated that by the passage of the bill then under consideration the country would benefit to the tune of \$110,000,000.

We are today discussing a matter which seems to me to be merely one of conjecture. We must know the true situation before we can go ahead and take a course designed to prevent a condition which might result—largely from psychological ills, so to speak—in producing a serious inflation. I for one would be glad to have the Senator from Illinois give me further information on the subject.

Mr. TAFT. If I may have the privilege of yielding the floor, I will yield it to the Senator from Illinois.

Mr. LUCAS. I can answer the Senator from Wisconsin. Before I do so, I wish to say that I agree with what he has said. The data I have has been picked up by me for my own information on this subject. It is not before the committee. It should be. What I am about to say may be made a part of the record for the Senate committee so it may consider the facts.

The Senator from Wisconsin wishes to know what commodities are affected. Wheat is affected, corn is affected, oats are affected, rye is affected, sweet potatoes are affected, hay is affected, and citrus fruits are affected. That is the point exactly which the Senator has raised. It is an interesting point. Citrus fruits, potatoes, and wheat are all affected as a result of the Pace bill. It will not make so much difference with respect to wheat, potatoes, citrus fruits, and these other commodities I have discussed. Beans are also affected as a result of the Pace bill. As far as the consumer is concerned, those are important food commodities, as everyone knows, throughout the Nation.

I hope that will help the Senator to a certain extent, but that is the thing which ought to be developed first. It has not been settled before the Senate or House committee. It is the thing about which I am still complaining. The Senate ought to be tremendously interested in it when it is realized, as the Senator from Ohio and the Senator from Oregon have said, that this is an inflationary measure. We should explore every avenue of thought, and every field of endeavor in connection with all these commodities before we pass to the President of the United States a bill of such importance as the one now pending.

Mr. BARKLEY. Mr. President, in view of a communication which I shall have read before I conclude my remarks, I think there ought to be a larger attendance in the Senate. One of the difficulties about the passage of the proposed legislation is that in neither body of Congress has there been a fairly representative attendance of the Members. The bill passed the other body with less than 100 Members on the floor, and without a roll call. The committee in the other House had no hearings. The committee of the Senate had no hearings. We now have on the floor not more than one-third of the Members of

the Senate, and I will make the point of no quorum.

Mr. VANDENBERG. Mr. President, before the Senator does so, will he permit me to make a very brief statement?

Mr. BARKLEY. I withdraw my point, and yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, I doubt that any subject has caused me more concern than the pending bill, because fundamentally I totally agree with the position of the able Senator from South Carolina [Mr. SMITH] and his associate, the Senator from Alabama [Mr. BANKHEAD], that in many aspects agriculture has been almost the forgotten man in connection with the American economy. Agriculture must be equitably stabilized or we can have no peacetime prosperity and we can have no adequate wartime production. On the other hand, Mr. President, the vice of the situation which confronts us today is that when we undertake to apply price control on a piecemeal basis, there is no possible way of being sure that we are even helping the beneficiary to whom we are seeking to extend our assistance because we may release related and reciprocal forces, not contemplated by us at the moment, which can swiftly overtake these benefits and wipe them out. Meanwhile the great consuming public has been additionally burdened without any net benefit to anybody.

I repeat that I do not believe it is humanly possible to deal with price control on a piecemeal basis. The able Senator from South Carolina says we must do justice to the farmer, and I agree, but, Mr. President, how can we be sure we have done him any sort of justice when the repercussions of what is done here may produce somewhere else a compensatory inflationary move, which, as we know, is lurking just around the corner, in this instance, and which is only waiting for the go sign to start a race between prices and wages which may never end this side of total economic collapse.

Just so long as we permit piecemeal treatment of price control, we are flirting with the most suicidal kind of inflation, and it is doubly dangerous, it seems to me, to undertake piecemeal price control when we are dealing with it in half a dozen different places—now including the legislature—without any closely geared relationship between these authorities. It is impossible, Mr. President, for me to isolate this pending bill and consider it independent of its implications, its related consequences, and its contemporary psychology. I regret to say that I cannot escape the conviction that we here deal with the total wartime economy of the whole American people.

If I could be sure the pending bill would do only what is claimed for it, it would tremendously interest me because I subscribe to its purpose. But I am unable to rid myself of the conclusion that the thing I would undertake to do by this method today for the farmer would actually penalize him very shortly by the reciprocal spiral forces of inflation which I would thus unwittingly release. I think, as the Senator from Illinois has indicated, and as the Senator from

Oregon has indicated, that the impulse thus flung into the inflationary movement might well destroy the economy of the home front, despite the inherent merit and justification in promptly assuring the farmer a total offset to all his costs of production.

Agriculture, unquestionably, is entitled to consideration which it has not received. It is indispensable to the war effort. Food is as important as bullets. I voted to give farm help complete draft deferment the other day because obviously the farmer must have a minimum of indispensable farm help—and he has failed to get it any other way. I voted for the Bankhead bill to exclude benefit payments from calculations of parity. I believe agriculture must have greater priorities for essential farm machinery. I believe agriculture must have more practical and equitable price consideration from the O. P. A. and the Secretary of Agriculture. But I am unable to see how we can make price adjustments here on the floor of the Senate. There never will be an adequate and just relationship between price factors in agriculture or anything else so long as we continue to attempt piecemeal price control.

This problem has got to go to one place; it has got to be handled in one place, on an over-all basis, where equitable relationships are established between all factors involved. If farm prices are too low at some points, as they are, the Price Control Authority should have "guts" enough to raise those prices that deserve to be raised. There should never be, in my humble judgment, any attempt to deal by general rule on a piecemeal basis with any of these factors if we are to have the slightest hope of saving the rank and file and mass of our citizenship, labor and agriculture included, from the curse of progressive inflation.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from South Carolina?

Mr. BARKLEY. I yield.

Mr. SMITH. The Senator from Michigan is always frank. Now we have parity. I do not know where it comes from but the farmers are educated to look upon parity as being their savior, insofar as the sale of their products is concerned. Let us grant that we have parity; what is it supposed to do? It is supposed to give the farmers fairness and justice. Now he comes along and says, "I do not know what parity is; you fixed it but why did you leave out labor?" My object is not to put prices up; it is to include whatever costs it is necessary for the farmer to pay, and, then, in the sale of his commodities let parity cover such costs. Will the Senator from Michigan stand here today and tell me that he believes that fixing the formula for parity is going to smash the home front, starve all the soldiers, and run us into hell, and back and forth? I want to ask, does the Senator think—

Mr. VANDENBERG. I should like to answer the question.

Mr. SMITH. Does the Senator really think that including the price of the farmers' labor in the parity price is not



indicated, is not fair, is not just? We have got nothing to do with what comes after.

Mr. VANDENBERG. I am sorry but we cannot escape what comes after. That is the precise point I make. My answer to the Senator's question is that the farmer, of course, is entitled to have all costs of production covered in the market price, precisely as is any businessman; but I am saying to the Senator that the way that must be done in the situation which this country confronts today is by the direct application of a fair price ceiling by the Price Control Authority in each instance. I am saying further to the Senator, though I may be all wrong, that, even though I wanted completely to achieve the result he describes—and I should like very much to do it—I could not be even remotely sure of it by the passage of this bill so long as I have the irresistible feeling that the moment this bill passes it will, rightly or wrongly, be used as an excuse for an attack upon other prices, upon the levels of wages, and upon other factors in the cost of living, so that the farmer will lose all we undertake to give him by this bill, and all the others will have lost a substantial chance for stabilized price control in this country, unless we can stop at one general over-all control where equity is applied by the Price Authority himself to each one of these factors.

I will join to the limit of my capacity in seeking legitimate recognition of all farm costs in the price ceilings fixed by O. P. A. and the Secretary of Agriculture. But I am not going to be a party, no matter what the appeal, to any menace to the economic solidarity of the home front in the presence of this war emergency. I am not going to yield the wage line; I am not going to yield the price line. I am going to insist, so far as I am concerned, that the price-control authorities shall do their duty and shall deal equitably upon their own responsibility, with these factors. I cannot hold them to strict accountability for these inestimably necessary results if I make their administration of the trust impossible.

Mr. BARKLEY. I renew my suggestion of the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gerry	Moore
Austin	Gillette	Murdoch
Bailey	Green	Murray
Ball	Guffey	Nye
Bankhead	Gurney	O'Daniel
Barkley	Hatch	O'Mahoney
Bone	Hawkes	Overton
Brewster	Hayden	Pepper
Bridges	Holman	Radcliffe
Brooks	Johnson, Calif.	Reed
Buck	Johnson, Colo.	Revercomb
Burton	Kilgore	Reynolds
Bushfield	La Follette	Robertson
Butler	Langer	Russell
Byrd	Lodge	Scruggs
Capper	Lucas	Shipstead
Caraway	McCarran	Smith
Chavez	McClellan	Stewart
Clark, Mo.	McFarland	Taft
Connally	McKellar	Thomas, Idaho
Davis	McNary	Thomas, Okla.
Downey	Maloney	Thomas, Utah
Ellender	Maybank	Tobey
Ferguson	Mead	Truman
George	Millikin	Tunnell

Tydings	Wallgren	Wiley
Vandenberg	Walsh	Willis
Van Nuys	Wherry	Wilson
Wagner	White	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, there is a quorum present.

Mr. BARKLEY. Mr. President, I asked for the presence of a quorum, not to force Senators to come into the Chamber to listen to what I might say, but I have a letter from the Price Administrator which I intend to have read very shortly, which I think Senators should hear in considering the bill now before the Senate.

Before having the letter read, I wish to say that I think a more inappropriate, inopportune time to have brought this bill before the Senate could not be imagined. In the first place, the problem concerned is not quite so simple as some men would have us think it is. The question of parity itself is a complicated one. I would not hazard a guess how many people in the United States really understand what parity means, but there are millions of them who do not understand that parity, as it is provided for in the Agricultural Adjustment Act, is not a static figure, not an inflexible formula, but is a flexible formula, intended to preserve the purchasing power of the American farmer in harmony with the relationship which existed between his purchasing power and the cost of what he had to buy in the base period of 1909 to 1914.

Every time the cost of what the farmer buys rises, either through an increase in wages, or an increase in profits to the manufacturer, or an increase in the costs of raw materials, parity automatically rises because the law fixed it as the duty of the Secretary of Agriculture to adjust parity from time to time so as to preserve the relationship between the farmer's purchasing power, or the income out of which he makes purchases, and what he has to buy. Whenever what he has to buy rises in price parity automatically goes up, without legislation, but only after the Secretary of Agriculture has readjusted parity in accordance with the formula which Congress fixed.

The pending bill is before the Senate. We dealt with this subject last fall, and I thought we had dealt with it rather satisfactorily, because the Senate overwhelmingly adopted, after much discussion, the provision which is now in the law which the President signed on October 2, 1942, and in order to refresh the memories of Senators I should like to read the provision. I had some part in its preparation. After negotiations here, public and private, for days and weeks, I think by a vote of 75, or thereabouts, to about 6, the provision was put into the Price Control bill which was signed on October 2. After many other features, this provision appears:

*Provided*, That modifications shall be made in maximum prices established for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, under regulations to be prescribed by the President, in any case where it appears that such modification is necessary to increase the production of such commodity

for war purposes, or where by reason of increased labor or other costs to the producers of such agricultural commodity incurred since January 1, 1941, the maximum prices so established will not reflect such increased costs.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BANKHEAD. I know about the preparation of that provision. I wanted to ask the Senator if the Price Administrator or the Secretary of Agriculture have given any consideration to that provision, and if that provision has in any way been reflected in the fixing of ceiling prices on agricultural commodities?

Mr. BARKLEY. I cannot testify as to what consideration either the Price Administrator or the Secretary of Agriculture have given to it. Even if the Pace bill should not be passed, it would still be within the power of the Secretary of Agriculture, under the law as it is now, to fix parity prices in view of increased cost of farm labor.

Mr. BANKHEAD. But if the pending bill should become law he would have a mandatory, specific duty to perform based upon the finding of one of his bureaus.

Mr. BARKLEY. It seems necessary whenever we have a farm bill up for consideration in the Senate to refresh our recollection about this matter. A provision with respect to the increased cost of labor is contained in the parity formula as it was originally written into the Agricultural Adjustment Act. The costs of labor, which go into everything the farmer buys, are a part of the parity formula, and must be considered in determining parity price of any agricultural commodity.

Then the language continues:

*Provided further*, That in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing: *Provided further*, That in fixing price maximums for agricultural commodities and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as provided for by this act, adequate weighting shall be given to farm labor.

So in two places in section 3 of the act of October 2, 1942, we have attempted to provide that the increase in cost of farm labor which has occurred since the 1st of January 1941 shall be taken into consideration and given adequate weight; that is something which shall be taken into consideration over and above the increase in industrial wages, which go into everything the farmer must buy, which was a part of the parity formula as originally drafted.

Mr. President, I said a moment ago that a more inappropriate time could not have been chosen to present this question to the Senate and to the House, and I say that in all sincerity. I do not have to reiterate over and over again my attitude on the question of agriculture during a period of 30 years. The other day I voted for the bill which denied the right of the Price Administrator, the President, or the Economic Stabilizer to deduct benefit and soil-conservation payments in fixing the maximum ceiling

prices on agriculture. But, Mr. President, we are now in the midst of a rather critical and delicate situation with respect to wages. I think we might as well confess that if we are to adhere to the formula which has been adopted and followed by the Government in trying to stabilize not only costs of living for civilians but the costs to our Government in the support of the Army and the Navy and in the purchase of equipment, we must somewhere along the line put on the brakes, and we cannot release those brakes with regard to one thing without releasing them automatically as to most other things.

A great controversy is now raging within the country over the question of wages for coal miners in the United States. I am tremendously concerned as a citizen and as a Senator with that subject, because there are many thousand of coal miners in my State who are asking for the increase of \$2 a day in their wages. I might say, also, and I do not believe it can be controverted, that considering the type of work done by the men who go down into the darkness of the earth in order to bring out the coal to assure comfort and prosperity to the rest of the people, considering the type of houses in which they are required to live, many of them mere hovels, considering the fact that most of them are required by their economic considerations to buy all their products from the companies for which they work, no lower wage scale exists in any other group of workers in the country than exists among the coal miners.

Mr. President, I do not say that in justification or in advocacy of the \$2 a day wage increase which the miners have asked, but I refer to it in order to emphasize the fact that if by our legislation here we are not only to make it possible but to make it mandatory that the cost of living to these men shall be increased by even as much as 16 percent, as stated in the letter which I shall have read in a moment, and certainly as much as 14 percent, as stated before the conference in New York the other day by the representatives of the miners, it will be a difficult thing to deny to these men some increase, if not the entire increase which they are seeking in the conferences which are being held in the city of New York.

I mention this particular group of laboring men because that situation is immediately before the Government of the United States. Probably the crucial test has been postponed for 30 days by an agreement to continue operating and to make any wage adjustments retroactive to March 31.

Not only is this true, Mr. President, with respect to this lower wage scale group in the coal industry but it is true with respect to others, and will be used as a lever for other applications for increases, and it will be difficult to deny them, based upon the increase in the cost of living. There will be an unavoidable increase in the cost of living, in spite of all our legislation, and in spite of all the restrictive orders which may be issued by the Price Administrator or by the Economic Stabilizer, or by the Presi-

dent of the United States himself. So I say it is unfortunate that in the midst of this particular situation we are called upon here to pass upon this bill without having adequate information.

I do not say it in criticism because it is against the rules and against the proprieties to criticize a coordinate branch of the Congress, but the bill received no hearings in the other body. I was told by a Member of the House that it was passed with less than 100 Members on the floor and without a roll call. It came over to the Senate and was sent to the Committee on Agriculture and Forestry, and I am told that almost within 5 minutes that committee reported it favorably without any hearings of any kind.

Mr. President, I now ask in the interest of the Senate itself, and in the interest of the country, if it would not have been fair, for the information of the Senate and the country, to have had some hearings, and to have called before the committee the Price Administrator, the Secretary of Agriculture, to have called our former colleague from South Carolina, Mr. Byrnes, the Economic Stabilizer in the Government of the United States, and others who might have wanted to be heard, in order that we might have obtained information and might have had the opportunity to cross-examine witnesses in order to determine the accuracy of their statements instead of being compelled to rely, as we now are, upon a letter which I have in my possession, and which I received this morning from the Administrator of the O. P. A., which I shall ask to have read? Would not that have been a better course?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TYDINGS. I do not wish to interrupt the remarks of the Senator on the point on which he is now speaking, but I would appreciate it if, when he gets around to it, he would draw the issue a little more clearly, for me at least, between the existing law, from which I presume he read, and the pending bill, which is now before us, so that I might see for myself exactly what is the difference between the two.

Mr. SMITH rose.

Mr. BARKLEY. I will attempt to do that. First, I will yield to the Senator from South Carolina.

Mr. SMITH. As chairman of the Committee on Agriculture and Forestry, I wish to say that the only question before our committee was the one on which the House had passed almost unanimously. I think the Senator from Kentucky is wrong in his estimate of the number of Members present on the floor of the House when the bill was passed.

Mr. BARKLEY. I was told by a Member of the House who was present that less than a hundred were there at the time. There was no yea-and-nay vote on the bill. Therefore it is impossible to tell how many were present.

Mr. SMITH. The only question that was presented to us was whether, in establishing parity, that much discussed question, we should take into consideration the factor of farm labor. It does not make any difference whether farm

labor increases or decreases the price of the farm product. The question was whether we should incorporate the cost of labor in determining the question of parity. That was all that was in the bill. The bill simply amended one section of the act by providing for the inclusion of farm labor in fixing parity price.

Mr. BARKLEY. I understand.

Mr. SMITH. That is all there was to the bill. Why should we have heard witnesses who might come before us and theorize on the question of the home front, and the battle front, and every other front? If anyone other than the farmers were involved there would not be any speeches against the bill.

Mr. BARKLEY. If it would have been unfair to have men theorize before the committee, it is equally unfair to compel us to theorize on the floor of the Senate without any information on the subject.

Mr. SMITH. All the information the Senator needs is that in computing parity the costs of production must be added; and the cost of labor is one of the principal costs. That is all there is to the matter. Now let us have a yea-and-nay vote in order to find out who is in favor of it and who is not.

Mr. BARKLEY. Of course, the issue is not whether we shall vote "yea" or "nay" on the bill. There are many implications and approaches to the subject. It is all very well to say that if a Senator votes against the bill or votes to send it back to the committee he is against the farmer. That is easy to say, but it will not be true when it is said.

Mr. SMITH. Does not the Senator believe in taking into consideration the costs of labor in computing parity?

Mr. BARKLEY. Of course I do, and I helped to write the law that does that very thing.

Mr. SMITH. Yes, but making it indefinite.

Mr. BARKLEY. That may be; but let me emphasize what the Senator's question is. It emphasizes the whole proposition. When we wrote the law the farmers and their representatives got what they wanted, which was a parity which provided an equality of purchasing power, predicated on the base period 1909 to 1914. So when there is an increase in the price of the things the farmer buys, automatically there is an increase in the farmer's parity price.

In the parity formula we did not specifically say that farm labor should be taken into consideration; but it was then recognized that in determining the prices of the things the farmer had to buy, the cost of all nonfarm labor which went into the costs of production was to be taken into consideration, and that, inasmuch as all other labor was higher than farm labor, as to any increased prices paid by the farmer for the products he bought, the increased costs of labor would also include his own labor costs, the increase of which was smaller than were the industrial labor cost increases for the products he had to buy. At that time, no one on the part of agriculture asked for the definite inclusion of farm labor.

When we wrote the first Price Control Act in 1941 we provided, not that parity



should be the ceiling, but that the ceiling should be either 110 percent of parity or the prices which prevailed on October 1 or December 15, whichever was the higher. So if those prices were higher than 110 percent of parity, they were to prevail.

Last fall we wrote the provision which is now under discussion. The substance of the present law is that if there has been an increase in farm labor costs since January 1, 1941, in fixing maximum prices for agricultural products or products which are manufactured from agricultural products, increases in farm labor costs shall be taken into consideration. In order to emphasize that point, at the suggestion of the Senator from Vermont [Mr. AIKEN], there was added at the end of the section language to the effect that in fixing maximum prices for agricultural commodities and other things made from them either in whole or in substantial part, as provided for in the act, "adequate weighting"—that was the language—should be given to farm labor.

The difference between that language and the provisions of the pending bill is that the pending bill goes back to the original parity formula written into the original Agricultural Adjustment Act and adds not only the increase in the cost of hired labor but also an estimated increase in cost of the labor of all members of the farmer's family, in order to arrive at a formula below 110 percent, of which the Price Administrator may not set an agricultural-commodity price ceiling.

Does that answer the question?

Mr. TYDINGS. It partly answers it. It seems to me that an inevitable conclusion which could be drawn from the Senator's definition, as I understand it, is, first of all, that the Senator contends that labor is a part of parity, as originally written, although not specifically set forth in the bill. Then there was adopted an amendment providing that increases in labor costs should be added in determining parity.

Mr. BARKLEY. That is true, and I may say that the increase in farm-labor costs is added to the inevitable result of any increase in industrial wages which go into the price of what the farmer buys, which is a part of parity.

Mr. TYDINGS. So, assuming that the Senator's diagnosis of the situation is correct, the only additional thing which the pending bill would write into the law would be the cost of labor as supplied by the farmer and his family, because, as I understand the matter according to the Senator's analysis, the cost of hired help is already a part of the parity-price formula.

Mr. BARKLEY. The cost of hired labor is definitely a part.

Mr. BANKHEAD. Mr. President, does the Senator mean a part of parity?

Mr. BARKLEY. No; a part of the ceiling that we provided for in the Price Control Act.

Mr. BANKHEAD. If the Senator bases it on parity, it is not, of course.

Mr. BARKLEY. I never have contended, and I have not said today, that the cost of farm labor is specifically in-

cluded in the original parity formula. The parity formula has not been amended except insofar as it was modified by the provisions of the Price Control Act providing that in fixing a ceiling for agricultural products, farm labor shall be taken into consideration and given due weight.

Mr. REED. Mr. President, will the Senator yield there for a moment?

Mr. BARKLEY. In a moment I shall yield. I have already yielded to the Senator from Maryland.

Mr. TYDINGS. Mr. President, let me continue my line of questioning for a moment, please. Who now determines the price of an agricultural product?

Mr. BARKLEY. The Price Administrator, subject to the approval of the Secretary of Agriculture. The Price Administrator cannot act alone; both he and the Secretary of Agriculture must act together.

Mr. TYDINGS. I wonder what the Price Administrator and the Secretary of Agriculture would reply if they were asked the following questions: "Are farm labor costs now a part of the prices you fix for agricultural products? If so, to what extent are they a part of the prices you fix for agricultural products?"

Mr. BARKLEY. I am not able to state what they would say, because I do not know; I have not heard them express themselves; but I think it would be interesting to the Senate if they were given an opportunity to answer those questions.

Mr. TYDINGS. That is what I am coming to. I think the proponents of the bill—I am not familiar with its ramifications—should at some time put into the RECORD a statement from the two persons who fix the prices of agricultural commodities, showing what labor is included, if any at all, and, if it is included, how much is included—whether merely the paid labor or whether, as well, all labor of the farmer's family who are not paid. If I could obtain that information, it would help very much in clarifying my opinion about the matter.

Mr. BARKLEY. I doubt very much whether the Senator could obtain it, because I doubt whether the Price Administrator or the Secretary of Agriculture has definitely said how much of any ceiling they have fixed on any commodity since October, when the Price Control Act became effective, was fixed on the basis of farm labor. But I think the Price Administrator and the Secretary of Agriculture should be given an opportunity to make such a statement.

Mr. BANKHEAD. Mr. President, I think we should be entirely frank about the situation. I am not charging anyone with not being frank, but I want to have an opportunity to make a statement which will be frank.

Mr. BARKLEY. I shall yield to the Senator just as soon as the Senator from Maryland has concluded.

Mr. BANKHEAD. I cannot obtain an opportunity to make a statement, because the Senator from Maryland is still given an opportunity to proceed.

Mr. BARKLEY. I will give the Senator an opportunity in a moment.

The PRESIDING OFFICER. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I am trying to find out in my own way just what the issue is. Suppose we should pass the pending bill as it came from the Senate Committee on Agriculture and Forestry; what reason has anyone to believe that that would increase agricultural prices?

Mr. BARKLEY. I assume that the reason why anyone believes it would do so is that it is assumed that the Price Control Administrator and the Secretary of Agriculture would add to any ceiling which they have already fixed or may hereafter fix, whatever is included in addition by way of price in the bill now sponsored by the Senator from South Carolina.

Mr. TYDINGS. I have the highest regard for our former colleague, Prentiss M. Brown. I think he is trying to do a very good job, and I think he has made considerable progress. But my impression as an onlooker, without knowing the facts—and I may be entirely wrong—is that price-fixing is more or less arbitrary, and has very little relationship to any law which the Congress may enact. I think the administrators try to find some medium, about which the public will not complain too much, and about which the producer will not yell too loudly on the other side. If they can do that, they are content; and all the laws which we enact are pretty much rhetorical propositions, and have very little bearing in fixing the formula itself.

Mr. BARKLEY. I think that naturally the Price Administrator and the Secretary of Agriculture, or anyone else charged with the responsibility of carrying out the mandate of Congress in good faith would recognize, to use a colloquial country barnyard expression, that it is impossible to "get down to a gnat's eye" on everything he has to do in the way of fixing prices.

Mr. TYDINGS. About a month ago I placed in the RECORD a statement showing farm wages, with and without board, for every State in the Union. They varied from \$22 a month in the Southern States to about \$100 a month in California. A price ceiling usually is about the same all over the country, which rather leaves me out on a limb. Unless we are to have area price ceilings, or State price ceilings, I do not see how the farm labor content can be accurately and fairly reflected for the whole country in one price ceiling. If wages vary from \$22 or \$25 a month in one State to \$100 a month in California, and nearly that much in New England, it seems to me that if the formula is now in effect, or is to be put into effect, but, for example, ought to sell at probably half or three-fifths as much in the South as in Boston. However, my understanding is that the ceilings are fixed more or less on the basis of the domestic market in a given locality, with a little leeway one way or the other to aid agriculture or to aid the public, as particular extraneous circumstances seem to

warrant. As I see it, all these fine formulas become so difficult for the Administrator to administer in a changing situation that in the end he really must be a sort of umpire between the consuming public on the one hand and the producer on the other. He hopes to high heaven that he will not injure either side too much, and will not have too many bricks thrown at him by either side.

Mr. BARKLEY. The Senator's assessment of the situation is substantially accurate.

I now yield to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, it has been so long since I rose to try to get into this discussion that I fear Senators have forgotten the point.

The Senator from Maryland [Mr. TYDINGS] insisted that the Administrator of O. P. A. or the Secretary of Agriculture should state whether or not the cost of farm labor has been included or is included in parity or ceiling prices.

Mr. TYDINGS. That is correct.

Mr. BANKHEAD. Everyone who has been connected with this legislation during the past 10 years knows that time and time again the statement has been made that it was not included as a factor in the original A. A. A. law, and has never been included since, as we all know, as a factor in working out either parity or price ceilings.

I have read the debate which occurred in the House of Representatives the other day. The whole debate was pitched upon the proposition, concededly, that the farmers are entitled to have consideration of their cost of labor, and that they have never had such consideration. Nobody denies it. No Senator will deny it, because there are no facts upon which to deny it. It is an admitted and confessed situation in all the debates.

We had the same question before us when we passed the stabilization act. We had the Thomas amendment before us, which is the same as this amendment, and debated it for a day or two. That same proposition was conceded on all sides. There is no use in leaving the question in doubt on a proposition which is so well known and so generally admitted by everyone who knows anything about the subject.

Mr. TYDINGS. Mr. President, I certainly want to give the farmer all the consideration to which he is entitled in every way. I should be grateful if the Senator would get either from Mr. Brown, Mr. Wickard, or both of them, a simple statement that labor has not been included in the price ceilings which have heretofore been fixed.

Mr. BANKHEAD. I know about it. If the Senator is still in doubt after my statement, let him get such a statement.

Mr. TYDINGS. I do not question the Senator's good faith; but I think we ought to act on the basis of primary evidence from those in a position to give it, just as we would do in trying a lawsuit. We ought to have the statement made directly, beyond peradventure of doubt, and then we could vote to do justice. On the one hand, we have the con-

tention that labor is included, and on the other hand we have the contention that labor is not included.

Mr. BANKHEAD. I do not know of anyone who contends that labor is included.

Mr. BARKLEY. Mr. President, that observation was due to what I stated a while ago, that the cost of industrial labor is included in parity, and must be, because the cost of industrial labor goes into the manufacture of what the farmer buys; and the price of what he buys, including that labor, goes into parity. The question really is whether we are to include both industrial labor and farm labor in parity. If we are to include the cost of farm labor as the criterion, the question is, Are we to include also the cost of industrial labor, which is greater, and has been subjected to greater increases? The price of industrial labor is reflected in parity through the cost of what the farmer buys. As stated awhile ago, it is a part of parity, although I said then, and I now say, that until we passed the act of October 2, 1942, farm labor was not specifically included in the parity formula. Even now it is not included.

Mr. BANKHEAD. That is correct.

Mr. BARKLEY. I have never said that it was.

Mr. TYDINGS. Mr. President, that statement satisfies me.

Mr. BARKLEY. It is not included; but, without modifying the formula which we had written, we said last October that in considering maximum agricultural prices, consideration shall be given to increases in farm labor in the past 2 years.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BARKLEY. The Senator from Kansas [Mr. REED] asked me to yield to him some time ago. I am glad to do so now.

Mr. REED. Mr. President, perhaps I misunderstood the Senator from Kentucky and the Senator from Alabama. I understood the Senator from Kentucky to agree with the Senator from Alabama that the parity formula has not been changed by legislation since the beginning.

Mr. BANKHEAD. No. I said that so far as farm labor is concerned, it has not been changed. There have been other additions to the formula.

Mr. BARKLEY. There have been other additions. In the Price Control Act we superimposed on that formula an additional equation but we did not change the formula itself. We added a superstructure to it.

Mr. REED. Mr. President, it is unnecessary for me to say to the Senator from Kentucky that during the years I have been in the Senate, and for years previously, I have been a champion of the farmer. I want the farmer to have recognition of all his costs, including labor.

In my opinion this is an unfortunate time to bring up this question. I am sorry that it is here. We are in a delicate situation. I do not want to do anything in the Senate which will upset the existing situation to the disadvantage of

everyone, including the farmer. Therefore I wish to say to the Senator from Kentucky that if a motion is made to recommit the bill I shall vote for the motion, although if the issue were presented on the main question, without a motion to recommit, I would vote for the bill. I think it would be very much better procedure, and a safer way to handle it, to send the bill back to the Committee on Agriculture and Forestry and let the committee use its best judgment. Let the committee hold hearings if it so desires, and bring the bill back in a few weeks.

Mr. President, any change in the parity price, up or down, does not necessarily affect the price of the product. Parity price is only a price at which we think the farmer may have an equitable return. As a matter of fact, wheat, which is the principal crop in my State, is below parity. Notwithstanding the fact that the parity price of wheat in Kansas City, we will say, is \$1.35, or \$1.39, wheat has never been sold at that level.

On the other hand, livestock, cattle, and hogs, have been constantly above the parity price for the last 15 or 18 months.

May I impress upon Senators that "parity"—to fix a parity price—is only an expression of the price the farmer, in equity, ought to have? It does not in and of itself do anything to the price. The Senator from Kentucky will remember that I had a fairly active part in working out the solution which was later adopted. It is true we did say that in fixing a ceiling the price administrator could not fix a ceiling without consideration of the increased cost of labor to the farmer, and other costs, as I remember the language. The point I wish to make is that a delay of 4 weeks would not hurt the farmer in his prices at all. It might have an effect on a situation in the United States which is very delicate and which I do not wish to disturb. Therefore, if a motion to recommit is made, with all the friendliness I have had for the farmers during all these years, I shall vote for it. I think it would be a wise thing to recommit the bill to the committee and let it come back to the Senate after further consideration.

Mr. BARKLEY. I thank the Senator. I represent an agricultural State. We produce a variety of farm crops. We produce cotton, corn, wheat, tobacco, hemp, and rye. We raise large quantities of cattle, hogs, and every other type of livestock. I have not received any complaints from the farmers of my State about the prices they are receiving. The great complaint of the farmers of my State, and of farmers all over the country, is because of the labor situation. They will produce, at the prices they are now receiving, all the farm products they can grow with the labor they have. There is no question about that.

There has been some question among dairymen not only in this vicinity but in other places, as to what they were getting for their milk, in view of what they have to pay in the way of adequate compensation. I think that is a serious problem; but, speaking by and large of all agricultural commodities, I do not think there is any dissatisfaction among the farmers



of the country with the level of prices they are receiving. If we could find some way to help them to get labor to produce at the prices which they are now receiving we should see the earth bursting with a surplus of products which would be justified by the prices which farmers are now receiving.

Therefore I do not think the main difficulty is with agricultural prices. It is largely one of labor supply; and on that subject we have recently undertaken to bring about some remedy.

Mr. SMITH. Mr. President, I do not want the Senate to be misled by the statement that those of us who are advocating this bill are hoping that the farmers will receive an increase in price. Of course, we know that they will not. But we want the formula upon which their basic prices are fixed, so far as legislation is concerned, to have in it all the elements of expense. How long would an industrial organization continue if it did not charge for its labor? Take the railroads. If they could not charge for labor, how long would they be in business? The farmer can always make a scratch in the ground and put in his seed, and nature will do the rest. If he had to buy his farm every year, as the manufacturer buys his raw material, the situation would be different. It would be artificial. I am contending that we have an unfair parity base. Why not put into parity all the elements, and do justice, regardless of what effect it may have?

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LUCAS. Just before the Senator from Maryland [Mr. TYDINGS] left the chamber he was discussing with the Senator from Alabama and the Senator from Kentucky the question whether or not farm labor had ever been included in the parity program. Of course, it has not been included, as I pointed out earlier in the debate upon this measure. There was a very good reason why farm labor was not considered as an element or factor in parity at that time.

When the parity formula was written in 1933 farm labor was far below all other factors. It was deliberately left out of the formula, because if it had been included, as I stated a few moments ago, parity on corn, for example, instead of being 62½ would probably have been around 58 or 59.

The record shows, Mr. President, that when the parity formula was written in 1933 farm wages had an index figure of 85; in 1934, 95; in 1935, 103; in 1936, 111; and in 1937, 126. In 1938 it had an index figure of 125; in 1939, 123; in 1940, 126; and in 1941, 154. Nineteen hundred forty-one was the year in which the farm wage rate exceeded by 6 points the parity rate. In the next year, 1942, the figure was 201. In 1943 it is 232.

When farm labor is now at its highest peak, in comparison with what it was at the time when the formula for parity was written, it can be understood, when taking into consideration the index of 232, why there would be such a startling increase as testified to by the Honorable Prentiss Brown, O. P. A. Director, and the Honorable Earl Smith, who is the head of

the Illinois agricultural group in Illinois. In writing to me, Mr. Smith said:

The Illinois Agricultural Association does not favor the passage of this legislation for a number of reasons, chief among them being:

(1) It would greatly impair, if not destroy, the basis of fair exchange value of the prices of farm commodities with the prices of industrial commodities that are now used for determining parity prices.

This is the point I just made—

(2) While it is recognized that the Face bill would temporarily increase farm prices, this would not have been true until 1941 had such inclusion been in effect, and it is very doubtful it would have this result in post-war years.

Mr. President, that is the point exactly. If the farm wage rate were not 234 today this bill would not be before us now.

The point I made earlier—and I reiterate it—was that after the war this parity formula with labor costs included would be a detriment to the farmer, because farm wages are bound to go down. When farm labor is cheap it pulls the formula down on parity. In the interest of the American farmer I submit that it is to his detriment to have Congress change the basic parity formula at this particular time. Just as sure as I am standing here, the wage rate which the farm laborer is receiving will spiral downward after the war. When it goes below what it was in 1941 then it will impair the parity structure. The farmer will get less.

That is the reason Congress did not include the cost of farm labor in the beginning. Now, because the farm price index for farm labor is higher, an attempt is being made, if not to destroy, certainly to juggle something which was carefully thought out in the beginning by some of the best minds in agriculture in this country. The farmers throughout the Nation agreed to the parity formula at that time. Congress agreed to it, and it has never been changed, with the exception that taxes, interest, and a few minor things have been added; but no basic change such as is being attempted today by the pending bill was made. Now we see an attempt being made to make a fundamental change in the original parity formula. The pending bill is nothing more or less than a cost-of-production bill. Congress has never gone on record in favor of that type of legislation.

Although it has been tried time and time again since I have been here, never in either branch of Congress has it been able to muster enough strength to win.

Furthermore, this is the worst time I can conceive of to bring up an important measure of this character and attempt to enact it into law. I am convinced beyond the shadow of a doubt that if the bill passes it will start rolling the ball of inflation, and, Mr. President, I do not want that responsibility upon my shoulders. Not by my vote shall there be ignited the spark of inflation which will ultimately, in my humble opinion, for whatever it may be worth, take us on the road to doom on the home front. The Senator from South Carolina may smile at the words "home

front," if he wants to, but any time the home front is crushed in a great measure the military front is also seriously damaged. Mr. Hitler will be pleased whenever dangerous inflation starts in this country. He is one, along with some others, who is hoping that we will pass this very bill in order that disunity and trouble may be promoted here. This bill should be recommitted for further study and consideration. It must be, Mr. President. At the proper time, I shall make such a motion.

Mr. BARKLEY. Mr. President, I wish to confirm what the Senator from Illinois has said about the effect which would have resulted if the farm labor price had been included in the original parity formula. It would, undoubtedly, have dragged down the price of agricultural products, and it is because it would have dragged down the price that neither the farmers nor their representatives nor their friends in Congress would include it. I will add that, in my judgment, if this bill should pass, or if the present price of farm labor should be included in the parity formula without at the same time considering the increase in industrial wages as reflected by the cost of what the farmer has to buy, even this bill would drag down farm prices in the United States.

Mr. President, that is all I had intended to say, and I now ask that the clerk read from the desk a letter which I received today from the Price Administrator, our former colleague, Mr. Prentiss M. Brown, giving his views as to the effect of the legislation now pending before the Senate. For the reason I have expressed, confirmed, and fortified by the statements Administrator Brown has included in his letter, I shall myself vote to recommit this bill to the Committee on Agriculture and Forestry, in the hope that, if and when, the committee rereports it to the Senate it will be accompanied by some information from those in charge of the responsibility of administering the law as well as those who are interested in its passage.

Mr. SMITH. Mr. President, I should like to make a brief remark about what the Senator from Illinois said that when the time shall come when the element of cost in the production of farm commodities goes down, parity will go down. Of course, that is what we are here for now, because we are not getting a just parity, and when costs go up we want parity to go up, and when costs go down we want parity to go down.

Mr. BARKLEY. Mr. President, does the Senator mean by that that when the war is over and all farm wages go down he will be here advocating that farm labor will be excluded from the calculation of parity?

Mr. SMITH. No; but let parity go down to represent the fall in labor. The farmer is just as patriotic as is the Senator from Kentucky or as I am.

Mr. BARKLEY. I think so, too, and I include the Senator from South Carolina in that superlative. Nobody has ever reflected upon the patriotism of the farmer; least of all have I ever done so. I think if the Members of the Senate of

the United States, of the entire Congress of the United States, and the officials of the Government of the United States should go among the farmers of this country and sit down and talk with them they would find, we would all find, that there is not a more patriotic, loyal, or dependable group of people in the United States than are the farmers of our country.

Mr. SMITH. I merely wanted to reply to the insinuation that after the war, when farm labor and the cost of production went down, parity would not go down. We are not trying to put it up and keep it up.

Mr. THOMAS of Oklahoma. Mr. President—

The PRESIDING OFFICER. Will the Senator from Oklahoma wait for a moment until the clerk reads the letter which was sent to the desk by the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I inquire what is pending before the Senate?

Mr. BARKLEY. If there is objection to the clerk's reading the letter, I myself will read it.

Mr. THOMAS of Oklahoma. I have no objection to the letter being read.

Mr. BARKLEY. I asked that the clerk read the letter in my own time.

Mr. THOMAS of Oklahoma. I want the floor, and I merely desired to know what was pending.

Mr. BARKLEY. What is pending is my request that the clerk read the letter from former Senator Brown, which he sent here to have read in connection with the pending bill. I did not suppose the Senator would object to that.

The PRESIDING OFFICER. The clerk will read the letter as requested.

The legislative clerk read as follows:

OFFICE OF PRICE ADMINISTRATION,  
Washington, D. C., March 24, 1943.

HON. ALBEN W. BARKLEY,  
United States Senator,  
Senate Office Building,  
Washington, D. C.

MY DEAR SENATOR: I am writing you to express my opposition to the Pace bill, which has passed the House and is now before the Senate, and the Bankhead bill, which has passed the Senate and is now before the House.

The Congress is troubled, and not without justice, by the management of the stabilization program. The Office of Price Administration, more than any other agency, I suppose, must bear the responsibility for this. We recognize this and are moving with might and main to improve our regulations, to remove the sources of irritation, to remedy the mistakes which were made in the agency's period of expansion. I am confident that we are making progress in remedying past mistakes. I am equally confident that we shall make fewer mistakes in the future.

But while mistakes must be remedied and inequities eliminated, the line must be held. It would be fatal if the Congress, in its annoyance with the management of the program, lost sight of the basic objective of stabilization.

Because the issues are so grave, I must speak with the utmost frankness. I have given the most careful consideration to the Pace and Bankhead bills, to the reasons advanced in their support, as well as to their consequences. Enactment of these bills means not an adjustment to improve the program—it means a break-down of the program.

Enactment of the Bankhead bill would force up the price of sugar by a cent to a cent and a half a pound, the price of bread by a cent a loaf, and the price of family flours by 18 percent. Furthermore, it would compel us to raise the price of corn between 9 and 10 percent and thus increase the cost of producing beef, hogs, poultry, eggs, and dairy products. If the producers of these essential foods were not to suffer injury, these prices would have to be raised too. In the end the Bankhead bill would raise the retail price of foods by 7 percent and add \$1,500,000,000 to the consumers' food budget. It would force the Government itself to spend an additional \$500,000,000 every year in order to feed the armed forces and to supply our allies.

The Pace bill would raise parity prices of farm products by 14 percent. This, in the course of time, would drive up the retail prices of food 10½ percent and add two and one-third billion dollars to the consumers' annual food budget. It would increase the Government's expenditures for food by about three-quarters of a billion dollars per annum.

Taken together, these two bills would thus raise the retail price of foods between 17 and 18 percent, increase the annual food budget of consumers by three and three-quarter billion dollars, and cost the Government an additional one and one-quarter billion dollars a year.

So radical a change in the price of foods would end the stabilization of prices. It would end the stabilization of wages as well. The stabilization of wages can be justified only upon the basis of a stable cost of living. We must face the fact that radical change in the cost of food means radical change in the Little Steel formula as well. If the Congress requires the one, it must accept responsibility for the other.

I recognize how strong are the claims of the farmer upon the Nation, how great is his service, how difficult his task. I recognize that for two decades farm prices were inequitably and uneconomically low, and that it was urgent that farm prices and farm incomes be raised to fair levels.

I believe, however, that farm prices and farm incomes have in fact been raised to fair levels. Between August 1939 and January 1943 the prices farmers receive rose 110 percent. During the same period the prices that farmers pay were held to an increase of only 26 percent. As a result, farm prices, which were 30 percent below parity at the time war broke out in August 1939, reached a level 15 percent above parity in January of this year.

Not only have prices the farmers receive risen four times as much as the prices farmers pay, but they have also risen four times as much as farmers' cost of production, including the cost of hired labor. The prices farmers receive therefore yield to the farmer, for his own labor and that of his family, a better return than he has ever known. The net income of farm operators in 1942 was \$10,200,000,000 128 percent higher than the level of 1939. This income was \$1,400,000,000 greater than ever before received by farmers. The highest previous peak was reached in the year 1919 at the height of World War No. 1 inflation, and because of that inflation every dollar of the farmer's income in that year bought far less than it does today.

While under other circumstances I should be the last man to oppose an increase in farm income, as my record will show, I am deeply convinced not only that the economic position of the farmer is more favorable than it has ever been before, but that farm prices and farm incomes are fair. Our job is to keep them fair and to preserve the favorable position which the farmer has reached. We can't do so if the stabilization program is destroyed. If that program is destroyed, farm prices will go up—there is no doubt of that—but so will

the prices farmers pay and so will farm costs. In the end the farmers will lose just as they did during and after the last war.

It is on the basis of these broad and crucial considerations that I am writing you to express my deep opposition to the Pace and Bankhead bills and my hope that the Congress will reject them.

Sincerely yours,

PRENTISS M. BROWN.

Mr. BANKHEAD. Mr. President, in view of the fact that the letter just read refers frequently to the Bankhead bill, I feel that some of the statements in the letter should not go unchallenged.

It will be recalled that the Bankhead bill was considered by this body a few weeks ago, and on a ye and nay vote was passed by a vote of 77 in favor to 2 against. The record has been made in the Senate, and the bill has also passed the House, and all that remains to be done is formal action on a minor amendment. In the face of that record, now comes this letter to the leader of the Senate. I am at a loss to understand why now, from an agency of the Government, this criticism is directed at the bill.

I have the very highest regard for the Administrator of the O. P. A. I really have an affectionate regard for him, but I am convinced that some theorist in his department, who has invented a new multiplication table, prepared the figures for him which are included in his letter.

Let us see what the situation is with regard to the Bankhead bill, which the Administrator at this time so vigorously criticizes. What was that bill? He says it would raise prices in staggering amounts. The Bankhead bill, so-called, merely prohibited the deduction of benefit payments under an Executive order by the President, the authority supposedly being given in the Price Control and Stabilization Act. It prohibited the deduction of benefit payments from parity or ceiling prices, as had been ordered in the Executive order called the stabilization order.

It merely reaffirmed the law on that subject, as contained in the Stabilization Act. It reinstated, regardless of Executive order, the decree of the Congress of the United States, made with the approval of the President, fixing parity prices or other prices between January 1 and October 1 as the point below which ceiling prices could not be fixed.

Former Senator Brown is an able man, a persuasive man, a man who had our confidence, and who still has mine. As a Senator he was in charge of the stabilization bill here on the floor of the Senate. He was the author of it. Almost entirely, with only a few exceptions, he had his way about the contents and provisions of the bill. Members of the Banking and Currency Committee know, as other Senators know, and as members of the conference committee know, that he was the dominant spirit in the framing and passage of the bill. He looked upon it with pride then. Why this change now with reference to the effect of the Bankhead bill and of the Stabilization Act, of which he was the author?



Mr. CLARK of Missouri. Mr. President—

The PRESIDING OFFICER (Mr. MAYBANK in the chair). Does the Senator from Alabama yield to the Senator from Missouri?

Mr. BANKHEAD. I yield.

Mr. CLARK of Missouri. Will the Senator from Alabama tell the Senate what difference, if any, there is between the Pace bill and the Bankhead bill, the latter of which passed the Senate some time ago by an overwhelming vote?

Mr. BANKHEAD. There is no connection, really, between the Pace bill and the Bankhead bill. The Bankhead bill, which the Senate passed by an overwhelming vote, nullified the Executive order which required a Government agency to deduct from parity or ceiling prices all benefit payments, and thus, in that indirect way, to reduce below the level of prices prevailing at that time the parity price and the ceiling price.

That was the order under which there has been brought about the situation whereby the sale of corn has been stagnated all over the Corn Belt, because no one knows what the parity price is. Under the order, deductions were made from the parity price as figured by the Bureau of Agricultural Economics. The Bankhead bill nullified that.

Mr. CLARK of Missouri. Let me say to the Senator from Alabama that I propounded my inquiry because as I heard former Senator Brown's letter read, it seemed to refer to the Bankhead bill and the Pace bill as one measure. As a matter of fact, they are two entirely different measures.

Mr. BANKHEAD. Absolutely.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. I should like to ask the Senator from Alabama if he can give us approximately the amount of benefit payments paid to the farmers during the last year?

Mr. BANKHEAD. I do not have the figures before me, but \$212,000,000 was appropriated for parity payments and \$450,000,000 for soil-conservation payments. Those payments practically all went to corn and wheat producers.

Mr. AIKEN. In other words, the total is approximately \$600,000,000?

Mr. BANKHEAD. Yes.

Mr. AIKEN. It does not amount to a billion and a half dollars, as is intimated in the letter of the Price Administrator.

Mr. BANKHEAD. No.

Mr. AIKEN. And that total will be taken out of the tax bills of the people for this year and succeeding years?

Mr. BANKHEAD. Yes.

Mr. AIKEN. And simply added to the cost of the farm products?

Mr. BANKHEAD. Yes.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BARKLEY. I think in fairness to former Senator Brown, who wrote the letter, it should be stated—

Mr. BANKHEAD. Mr. President, I do not want to be unfair to him.

Mr. BARKLEY. I understand. I did not say that the Senator meant to be unfair to him. Mr. Brown's letter is intended to reflect the cost to the consuming public, which would be more than the actual amount paid out of the Treasury by the time all the turn-overs were made in the cost of the agricultural products. The farmers would receive the \$600,000,000 or \$650,000,000, but by the time the products reached the consuming public the whole transaction would involve one billion and a half dollars in increased cost of living.

Mr. AIKEN. That simply illustrates how small a part of the consumer's dollar the farmer receives. It is that spread which ought to be corrected.

Mr. BANKHEAD. I can make one remark at this point which ought to convince the Senator from Kentucky that that statement is totally inaccurate. Mr. Brown talks about a \$600,000,000 increase to the farmers resulting in an increase of one billion and a half dollars to the retail consumers.

Mr. BARKLEY. Former Senator Brown said that the cost of the Bankhead bill to the public, to the consumers, would be one billion and a half dollars. He said that that is accounted for by the increase in the turn-over of these products, because every time they turn over, based upon the original amount involved, there is an increase in price.

Mr. BANKHEAD. What I want to point out to the Senator is that the Department of Agriculture, through its statistical bureau, the Bureau of Agricultural Economics, has been carrying for months and months tables and figures in its releases showing that the farmers receive 53 percent of the total amount of the cost of the product when sold by the retail stores to the consumers. So it would be impossible to increase an appropriation of \$600,000,000 paid to the farmers to a billion and a half dollars, unless one should want to falsify and nullify the statistics prepared over a long period of years by the Bureau of Agricultural Economics.

Mr. BARKLEY. I wanted to say that the average of 52 or 53 percent of the consumer's dollar which the farmer receives is a percentage figure which has continued over a long period of years, and does not fluctuate very much.

Mr. BANKHEAD. It has fluctuated somewhat and increased somewhat.

Mr. BARKLEY. I think the Senator will find that from year to year it has not fluctuated more than 2 or 3 percent up or down. But even at that rate it would be over a billion dollars, or approximately a billion dollars, assuming that former Senator Brown was mistaken in his figures.

Mr. BANKHEAD. Of course he was mistaken. It is self-evident that he was mistaken.

Mr. REED. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. REED. I wish to emphasize what the Senator from Alabama has said, and to express my regret that former Senator Brown confuses the Bankhead bill with the so-called Pace bill now before the

Senate. The Senator from Alabama has correctly stated the situation. The Bankhead bill, which passed this body by a vote of 78 to 2, only reiterated our understanding of the law, and only told the executive departments that the bill expressed what the law meant. That is what we thought in the first place. The Pace bill is an entirely different thing. The Bankhead bill would not change the law in any respect. It was directed only at the interpretation of the law which the Senator from Alabama and I thought was wrong all the time. The bill now before the Senate, however, would change the law. I wish to say again that on the basis of the main question and fundamentally I would vote for the pending bill. If it should go back to the Committee on Agriculture and Forestry and be returned to the Senate in its present form I should vote for it.

Mr. President, I am sorry that former Senator Brown has confused the two bills. I have imposed on the Senator from Alabama only to do what I could to clear up any misunderstanding which may have been left in the minds of Senators.

Mr. BANKHEAD. Mr. President, I do not care to prolong the argument. If the consideration of the measure goes over until tomorrow I shall discuss more in detail the statements made by Mr. Brown and by others with respect to the Pace bill. The two bills in question are so entirely separate and directed to such different objectives, and have such totally different effects, that I do not care to confuse the situation by discussing them at the same time. I simply wish to say this, and then I shall yield the floor, that the Bankhead bill was written in a spirit of loyalty to and admiration for former Senator Prentiss Brown. The Bankhead bill was written in the spirit of the act sponsored in the Senate by former Senator Brown, of which he was proud when he was in the Senate, regardless of his present attitude toward it. It did nothing but reaffirm the provisions of the act sponsored by former Senator Brown, with which he was so fully in accord and of which he was at the time so proud.

Mr. THOMAS of Oklahoma. Mr. President—

Mr. AIKEN. Mr. President, will the Senator yield to me for a moment to make a statement to clear the record?

Mr. THOMAS of Oklahoma. Yes.

Mr. AIKEN. When the Senator from Ohio [Mr. TAFT] was speaking, I called his attention to the fact that profits in industry had increased 300 percent since 1939, and gave as my authority for that statement the Chairman of the Maritime Commission. The Senator from Ohio seemed skeptical. I wish to say that that statement is not exactly correct. The authority is to be found in a letter from the Chairman of the Maritime Commission to the Chairman of the Commerce Committee of the Senate, and was inserted in the RECORD of March 23. I should like to quote from that letter:

The Office of Price Administration has recently reported that railroad earnings have increased over 2,000 percent before taxes

since 1939 and that the profits of mining, manufacturing, and trade in general have increased over 300 percent, before taxes in the same period.

It will be seen that the Office of Price Administration is the real authority for those figures, and that is the agency the Senator from Ohio was praising very highly at the time he questioned my statement.

Mr. TAFT. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TAFT. All the figures given are of earnings before taxes. As a matter of fact the railroads were earning nothing, or practically nothing, at the time referred to. We have now increased the tax about four or five hundred percent. This year we are taking about \$8,000,000,000 out of corporation profits, whereas in 1939 we were taking about one billion and a half dollars out of corporation profits. So I think the figures to which I referred are substantially correct.

Mr. THOMAS of Oklahoma. Mr. President, before the final vote on the bill, H. R. 1408, is taken, and before any vote is had upon any amendment thereto, I desire to submit some observations and to ask some questions. The bill proposes to give farmers the benefit of farm labor costs in arriving at the parity prices on the products which they produce.

My first question is: What article can a farmer purchase that either he or some other farmer did not produce, upon which he does not pay the labor cost of production? I pause for a moment and wait for some Senator to reply.

My answer is: There is no article, save farm commodities, in which the cost of labor is not included.

Mr. President, my next question is: Are farmers members of our economic system?

My answer is: At present; no.

My next question is: Should farmers be members of our economic system?

My answer is: Yes.

The pending bill does nothing more than to permit the farmers of this country to join and become members of the economic system of America.

Much has been said today about inflation. Before I discuss that subject, I desire to have printed in the Record at this point, in connection with my remarks, a copy of the act in full as it would appear if amended. The bill would add only a few words, and states where the words would appear in existing law. I desire to have printed at this point in the Record the existing law with the amendments proposed in this bill. I do not ask that the text be read, but be printed at this point in connection with my remarks.

There being no objection, the matter referred to was ordered to be printed in the Record, as follows:

Agricultural Adjustment Act of 1938, as amended:

"Sec. 301. (a) GENERAL DEFINITIONS.—For the purposes of this title and the declaration of policy—

"(1) 'Parity' as applied to prices for any agricultural commodity, shall be that price

for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, freight rates, and the cost of all farm labor (on the basis of the national average and including hired workers, farm operators, and members of the families of farm operators engaged in work on the farm, computed for all such labor on the basis of wage rates for hired farm labor), as contrasted with such interest payments, tax payments, freight rates and costs of all farm labor during the base period. The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except Burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of Burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919-July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940."

Agricultural Adjustment Act of 1933, as amended and as reenacted and amended:

#### "DECLARATION OF POLICY

"Sec. 2. It is hereby declared to be the policy of Congress—

"(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period; and, in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments during the base period; as contrasted with such interest payments and tax payments during the base period; and in the case of all commodities, which will also reflect the cost of all farm labor (on the basis of the national average and including hired workers, farm operators, and members of the families of farm operators engaged in work on the farm, computed for all such labor on the basis of wage rates for hired farm labor), as contrasted with the costs of all farm labor during the base period. The base period in the case of all agricultural commodities except tobacco and potatoes shall be the pre-war period, August 1909-July 1914. In the case of tobacco and potatoes, the base period shall be the post-war period, August 1919-July 1929."

Mr. THOMAS of Oklahoma. Mr. President, in 1926, during an administration of which I was a Member of the minority of the House of Representatives such administration in power fixed a price level goal. The then administration set that price level goal at 100. The administration said that the price level or commodity index should be 100, which would mean that the dollar would have a buying power of 100 cents as measured in terms of property as measured by the price level or commodity index. That goal was fixed at a time which I have heard described as the Coolidge era of prosperity.

Mr. President, that 100 percent price level has been the goal for these many years. So far as I know, it still is the goal of the American people.

During the past several years—beginning in 1929—the price level fell far below that goal. The price level fell from 100, starting in 1929, to 63 in 1932. That meant that the dollar had a buying power of some 160 cents in 1932. At the beginning of the present administration, in March 1933, we adopted a policy of raising the price level which policy was primarily in the interest of the farmers and the producers of raw materials generally. For almost 10 years we tried to get the price level up to 100. All the money we spent and all the legislation we passed with respect to agriculture was in an effort to get the price level up to 100. We did not reach that goal until last November. On November 19, 1942, the price level reached 100. The price control bill was passed the 31st of January, 1942, as I remember. It took about 3 months to get the Price Control Act into operation. Mr. Henderson set up his organization, and the act was in full operation about May 2, 1942. At that time the price level stood at 98.7—not yet up to 100. That was almost 11 months ago. During the past 11 months the price level has risen only from 98.7 to 103. On March 20, 5 days ago, the price level stood at 103.

That means that in the last 11 months all the inflation we have had in this country has been less than 5 percent—to be exact—only 4.3 percent, which means less than one-half of 1 percent a month. Figured in terms of money, one-half of 1 percent is 5 mills. During the past 2 weeks the price level rose two-tenths of 1 percent, or in terms of money, 1 mill a week. I do not call that violent inflation. The price trend is upward, that is true. It has been upward for some time, due wholly to the fact that now we are spending more than \$6,000,000,000 a month in financing the war effort. We are collecting taxes, we are selling War stamps and bonds, and we are placing bonds in banks and writing checks against the credit thus created in order to get the money to meet our war bills. To meet our bills we are paying out at the rate of over \$6,000,000,000 a month, which means over \$72,000,000,000 a year.

Yet in spite of those large payments, the price level is being held down to a rise of less than one-half of 1 percent a month. Nevertheless, with this fine record, Senators will stand upon this floor and try to frighten other Senators and try to frighten the country into believing that we are now to be engulfed in an orgy of uncontrolled inflation.

Mr. President, how can farmers pay their fair share of the tax bills if they cannot obtain costs of production for the things they produce? Farmers embrace some 30,000,000 of our population. We now have a population of 133,000,000. Farmers make up about 30,000,000 of that 133,000,000—a most substantial number of our society. Yet the issue is raised here that 30,000,000 American citizens should not be allowed costs of production, especially their labor costs, in making up their parity formula.

If my good friend, the junior Senator from Virginia [Mr. BYRD], producing the finest apples I ever saw or ever



tasted—I say that because I have had a chance to sample his apples; he sent me a box of them, and I now make proper acknowledgment of his gift—could not charge for the apples he sells at a price including the amount of his labor cost, how long could he live and exist economically? He might draw on his surplus capital and last awhile, but in time the surplus would be gone. Then what would happen? Probably one of the finest orchards in Virginia would wither and decay.

Mr. President, at this point I desire to have printed in the RECORD—and I shall hurry through my remarks—some facts which I think cannot be controverted. They are taken from official statistics. I refer now to the committee report on the bill, submitted by the chairman of the committee. On page 11 of the report is found table No. 1 "Nonfarm family income and cost of family food purchases, 1913-42."

In 1913 the food cost as percentage of income was 31 percent. At the beginning of 1942 the food costs, expressed as a percentage of income, had fallen from 31 to 22 percent. That is the lowest percentage that is recorded in any year since 1913.

On the next page of the committee report we find the following language:

The following table shows that during the base period the average hourly earnings of the factory worker were at the rate of 21 cents per hour, while today they are at the rate of 85 cents per hour, or an increase of over 300 percent.

Mr. President, on former occasions it has been demonstrated on this floor that the men, women, and children producing cotton on the southern farms and plantations receive for each hour's labor approximately the amount received for each pound of cotton produced. When cotton sells for 20 cents a pound—about the price at the present time—the cotton planter and the cotton producer receive 20 cents an hour for their work. When cotton goes down to 12 cents a pound, the cotton planters receive 12 cents an hour for their work. When cotton sold for 5 cents a pound the population of 11 Southern States engaged largely in raising cotton were forced to work at something like 5 cents an hour.

Mr. President, this bill makes it possible for 30,000,000 of our people to join the same economic system provided for 123,000,000 of our people. How does the Government treat those engaged in industry? As has been shown in the RECORD, if a firm or a corporation secures a contract to make war supplies and the contractor loses money, what happens? In a few days he is given an additional contract at a sufficiently higher figure not only to make up for the loss on the first contract but to make a substantial profit on contract No. 2.

Contrast that system for industry with the system which the Congress has provided for the farm population of America. It is already boasted in some quarters that those who are renegotiating our war contracts have saved and recovered for the American people—which means the Federal Treasury—approximately

\$1,000,000,000. That means that the original contracts were not only let at a profit but were let at a figure approximately \$1,000,000,000 over and above what has been construed to be a liberal profit; and yet some Senators are not willing to write into the law of the land a provision that farmers shall receive even the cost of their labor and the labor that they employ in their parity formula.

Mr. President, at this moment there is pending before the Appropriations Committee of this body a bill on which hearings are now being held proposing to appropriate some \$65,000,000—for what purpose? To import to this country, if they can be secured, Mexican, Haitian, and Bahaman laborers to work upon the farms. In addition, the Government is considering proposals to enter the Federal and State prisons and, if proper paroles can be obtained, take from those prisons men and place them upon the farms. The Government is considering the advisability of taking internees in the prison camps and place them on the farms. We are now bringing to this country prisoners of war. It may be that some of the prisoners of war will be placed on the farms of this country to insure that we shall have an adequate supply of food during the duration of the war.

Why? Because the Nation is not only threatened with a food shortage but actually faces a food shortage now. Mr. Wickard does not hesitate to say that he cannot now fill the orders which he has for food to send abroad for our soldiers, for lend-lease, and to feed the peoples being liberated by the force of allied arms.

Mr. President, this situation confronts us just after we have had the most bountiful crop ever grown in America. We hope to have a good crop this year. We know that we are going to have a reduced acreage planted to crops. We know that we shall not have sufficient farm machinery or fertilizer this year. We hope that we shall have a good season; but with reduced acreage, reduced farm labor, reduced machinery, and reduced fertilizer, what is the prospect? Even if we have as good a season as we had last year, we cannot raise the crop this year that we raised in 1942. I hope we can, but I am not enough of an optimist to predict that we shall.

Mr. President, the conditions I have just related are the reasons for the bill to which I refer. It has passed the House of Representatives and is now before the Appropriations Committee of the Senate. The bill would appropriate money to import labor into this country to produce the food which is necessary to support our soldiers and those of our allies, as well as the people of the liberated countries.

If the Senate should send the pending bill (H. R. 1408) back to the committee, or if the bill should fail of passage or fail in some other place, by reason of failure to be signed, what would be the effect upon some 30,000,000 of our people? The farm boys are at war. No farm labor is available. If food production must depend upon the labor of Mexicans, Haitians, Bahamans, Chinese, or in-

terned or prison labor—and I do not say that in any invidious sense—what will be the effect upon 30,000,000 of our people, who are expected not only to produce as much food as they produced last year, but 30 percent more, when this Senate says, "You cannot even have the cost of your labor figured in your parity formula?"

Mr. President, this issue will be upon the backs and may gnaw at the stomachs of multiplied millions until it is solved.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial published in a recent issue of the Chicago Daily News. The editorial is entitled "Farm Facts and Fancies."

There being no objection the editorial was ordered to be printed in the RECORD, as follows:

#### FARM FACTS AND FANCIES

Fortunately for the American people, the wiggling and wobbling at Washington over farm and food cannot produce a famine. If American agriculture were organized like big business, where many financial and labor adjustments are so delicate that political bungling can wreck the productive processes, we might have reason for grave alarm at the confusion reflected in the daily output of contraction and controversy from Government bureaus and from Congress, too.

The bulk of American farming is still biological—the cultivation of the earth and the husbandry of animal life by families, groups of kinsfolk, and by naturally integrated neighborhood groups. Their natural productive urge and instinct of workmanship has not been sufficiently impaired, by the price and profit incentive to monopolistic restriction, for farm output to be curtailed to a starvation point for the American people.

Not all the efforts of the Agricultural Adjustment Administration to introduce into farming the practices of planned nonproduction, characteristic of the monopolistic corporation and the labor union, have served to create in foodstuffs any such situation as the Nation found in aluminum, synthetic rubber, and other industrial products after Pearl Harbor.

As family-unit farming is only secondarily capitalistic, the bulk of farmers being workers who own their tools of production, the countryside is allergic to sabotage, and also to "class war." These facts may be intensely distasteful to the pinko wing of the New Deal, including many of the book farmers of the bureaus and the pavement peasantry who write about farming in the lefty pulps that Westbrook Pegler calls "little butcher paper magazines."

It is from those circles that we always hear about the alleged struggle between the big farmers and the little farmers, between the corporation farms and plantations on the one hand, and the sharecroppers and tenantry on the other. The fact is that neither big farms nor tenant farms produce the bulk of foodstuffs of this country. Nearly all of the alleged organizations of little farmers and sharecroppers are phony commie fronts subsidized by the same rich but frustrated old dowager coupon clippers who keep the kept liberal prints.

In short, the American farmer is a "kulak" to the commie and the pinko, but unlike the helpless Russian kulaks who were destroyed and whose destruction brought on the great Russian famine of 1933-34, the American kulaks are the best organized and most alert economic group in America, when it comes to protecting their property.

Industrialized farming and plantation farming in this country account for less than 10 percent of agricultural production, and that is mostly in cotton, sugar, or range livestock.

One frequently encounters fantastic figures about the number of poor farmers or marginal farmers in this country, also the number of sharecroppers. Many American tenant farmers and many sharecroppers are more prosperous than many farm proprietors, so tenure means less than might seem plausible in terms of social attitudes or of production either. A marginal farmer is mainly marginal because he lives on poor marginal land, and that fact is sufficient comment upon some of the pinko pleas that the way to boost production is to subsidize poor farmers and little farmers to do it. Most of them produce now, and always have produced, about all they can.

Mr. THOMAS of Oklahoma. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "The Farm Problem," written by Roger W. Babson and published in the Washington Post of March 22, 1943. The sub-head is, "Too much regimentation seen."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE FARM PROBLEM

(By Roger W. Babson)

#### TOO MUCH REGIMENTATION SEEN

Backed by the drive for Victory gardens and as spring draws closer my thoughts and those of countless others turn naturally to the production of food. England has been successful in increasing her productive acreage. What she can do, we can do here. Hence, I advise all who can to have a small subsistence garden this year, place your seed orders now, but don't overbuy.

I have no concern over the amateur gardener. He will do a good job on his little home tract. In the course of the summer he will raise a good many wholesome vegetables to supplement his rationed foodstuffs. Thus, in writing today, I am more fearful over the plight of the man who makes his livelihood from farming.

Whether we like it or not, we are all intimately wrapped up with the farmers. I have at times taken exception to their demands and have not much use for the farm blocs. Yet I recognize that they have many real troubles. The demand for foodstuffs continues while some 2,000,000 farm workers have left to go into industry and the armed services. This alone is a major headache.

Unquestionably farmers are in agreement with wage workers and others and do not want excessive inflation. This is being controlled now to some extent but is still advancing too rapidly. Farmers want the haggling over the parity question by the administration stopped and consideration given to the increase in farm operating expenses. While being asked to produce more foodstuffs farmers are up against one bureau trying to increase food production, another drafting farm labor, and a third stopping production of farm tools.

A good deal can be said in sympathy for the current position of the farmers. Most of them who are workers are not looking for subsidies. What they want is a reasonable price for their products and a small margin after expenses are deducted. The average farmer has not been able to build up much of a financial backlog and hasn't any money to lose. But many of them would be able to weather the next depression if they could make a profit now. Farmers as a rule are careful spenders for tools, buildings, and other equipment. What they might obtain

now would relieve future capital expenditure at a time when cash may be tight.

Farmers are the real rugged individualists. They are dead against too much tinkering with the institution of property. They do not want the noose of government to so tighten that it may lead to dictatorship and socialism. They are proud of their independence and proud of their ownership of land. In common with many others, they still regard it as the only real property. But they simply cannot understand many of the rules and regulations from Washington that restrict their purchase of new equipment and new parts for old equipment.

Livestock farmers in particular are having great trouble in moving their products. This is not only true in connection with their own truck transportation which is rapidly wearing out, but also in connection with rail transportation. Railroad personnel is, of course, decreasing by reason of men going into the armed services and in connection with their employment in war industries.

Coupled with the need for hauling great quantities of war goods the railroads cannot be blamed. Adequate farm power and transportation are vital to the operation of any farm and our Washington representatives should provide it.

The United States has some 10,000,000 farmers and millions of productive acreage and grazing lands. By any comparison, agriculture is a big business. As such it involves certain obligations. Yet many farmers are so constituted that they chafe under red-tape restrictions and regimentation. Certainly, industrial management, too, has its labor, material, transportation, and many other problems. But both groups have buckled down under the load and done an unprecedented job of production since Pearl Harbor.

Farmers resent ceilings on any kind of farm crops, particularly without adequate floors. But under our present managed economy, rightly or wrongly, the old rule of supply and demand is out for the duration. The farmer cannot understand this and needs some definite encouragement.

Certainly, if the rest of us, in view of lend-lease requirements and rationing, are going to eat, the farmer ought to be at least provided with the tools of his trade. He needs a little hog wire, a few tires, gasoline and repair parts, but above everything else he needs help in terms of manpower. The reclassification of draftees up to the age of 45 may go a long way toward solving the farm-labor problem. It is a welcome move on the part of the Manpower Commission.

#### ONE HUNDRED AND TWENTY-SECOND ANNIVERSARY OF THE BEGINNING OF THE GREEK WAR FOR INDEPENDENCE

Mr. BARKLEY. Mr. President, I wish to make a few observations regarding a subject not at all connected with the bill under consideration. I had intended to do so earlier in the day, but the time did not seem appropriate.

Mr. President, today is the one hundred and twenty-second anniversary of the beginning of the Greek War of Independence.

Let us pause for a moment to pay tribute to Greece, "the cradle of civilization," whose heroic people, refusing to surrender their honor and liberty, stood up gallantly in defense of their homeland, their freedom, and self-respect.

One hundred and twenty-two years ago today the Greek Orthodox archbishop of Patras raised the standard of the Greek Revolution against the authority of the old Ottoman Empire. After a struggle of several years, during which the incomparable deeds of the Greek rev-

olutionists won the admiration of the entire world, Greece was once again free. Then, as now, the Greeks had the moral and material support of the young American Republic. Philhellenic societies in Boston, Philadelphia, and other American cities, collected funds, food, and clothing for embattled Greece. The pro-Greek orations of President Monroe, Daniel Webster, Henry Clay, and other American statesmen, bear witness to the historic fact that Greek-American friendship dates from the days of the rebirth of the Hellenic nation. As time has passed, the bonds of this traditional friendship have become very strong.

Today Greece finds herself once again fighting tyranny and oppression. And once again the Greeks are our friends and allies in this titanic struggle. Their cause is our cause. By their stern, unwavering courage, and their terrible torment and suffering, they have won a lasting claim on our friendship and comradeship.

Two years and a half ago Mussolini started out to subjugate peace-loving Greece.

The Greeks, when attacked, rose up in their wrath and, though vastly outnumbered, hurled the invader back. The invading hordes, it will be recalled, used the previously treacherously conquered little Albania as a springboard against Greece.

But the Italians barely set foot upon Greek soil when they were pounded back day by day until they had lost almost all of Albania. Incidentally, since the deflation of the Fascist myth in Greece, Italy has been but a passive, almost negative force in the Hitler scheme of things.

The deflated Duce was down and almost out when the ruthless Nazi machine heard his outcries for help and came to his rescue.

Then the world was given an imperishable example of incomparable courage, moral strength, and love of freedom. Fully aware of the danger, the Greeks walked bravely and unhesitatingly into the jaws of almost certain death, risking disaster rather than surrendering their integrity by dishonorably submitting and yielding their freedom without putting up a fight to save it.

The gallant Greeks fought heroically. But they were crushed by the insuperable weight of superior numbers and far superior mechanical equipment, overwhelming masses of tanks, and endless squadrons of airplanes.

In thus resisting, the Greeks, like their traditional friends and allies, the Yugoslavs, have rendered an inestimable service to the cause of freedom.

Hitler, now that France was prostrate, had counted on bringing Yugoslavia and Greece eventually under the swastika, just as he had conquered Austria, Bulgaria, Hungary, and Rumania without a fight.

But the two heroic Balkan countries chose to fight, and thereby the Nazi timetable of conquest was upset. Hitler and his hordes were forced to postpone their attack against Soviet Russia until the month of June was more than two-thirds gone. This delay enabled the Russians to rally the armed forces of Russia, and



the German attack bogged down as winter approached. We know now the role of the winter on the Russian front in the present war.

Angered at this upsetting of the Nazi timetable of conquest, Hitler set out to exterminate the Greek Nation.

A victor in whom there was a lingering vestige of decency or chivalry would have honored the Greeks in their defeat, for theirs was a gallant heart as never the Nazis may hope to attain.

But instead the order was issued to despoil them—to steal away from the helpless conquered the little that was left to them. The Germans stripped the country of food like a plague of locusts. It became apparent that they intended to destroy the population through starvation. Although the Italian Army now occupies the larger part of Greece, the Germans, during their 2 months of absolute control of the country, are said to have done so thorough a job of spoliation that when the Italians arrived they found the country virtually stripped of all its transportable wealth and food-stuffs. The Nazis had even shipped all the seed wheat to Germany.

As a result of these Nazi measures, conditions in Greece are appalling. The streets of Greece are filled with starving men, women, and children. Greek authorities report that more than 500 persons perish daily of hunger in the Athens-Piraeus section alone.

None of the old Greek tragedies told a more somber, a more heart-rending story than the day by day account of starvation and destitution told in the news dispatches from the martyred Balkan state.

Sometime ago a Swiss journalist sent the *Journal de Geneve* a typically pathetic account of hungry Greek children lining up outside soup kitchens. "The silent, ragged procession is sinister," writes this correspondent. "Small children carry even smaller ones who cannot stand on their legs. Some seem like skeletons. Others have swollen limbs."

This is the beautiful so-called "new order" in Europe that children should die of starvation.

No one knows precisely how many thousand Greeks have already perished. Greek officials estimate that fully 500,000 of their fellow-countrymen have already died by execution, massacre, starvation, or malnutrition.

Enforcing harsh rule by killing hostages is also a set policy of the Nazis. Greeks are being hunted from their villages by both Germans and Bulgars. On obviously trumped up charges they are being hanged or shot. In certain villages the entire male populations were put to death—particularly in villages of strategic importance near highways and railroads.

Mr. President, the Nazis have given evidence of barbarism and inhuman brutality wherever they set their foot. What is happening in Greece is entirely in character. Their so-called new order means only starvation and slavery. The suffering which the Greek people endure pleads even more strongly than the plight of other victims of Axis aggression for the extermination of the Nazi lead-

ers responsible for these crimes against humanity.

Through the cooperation of the United States, British, Canadian, and Swedish Governments, the International Red Cross, and the Greek War Relief Association some food and medical supplies are being sent to Greece regularly by Swedish ships, but these merciful imports have not been adequate to the needs of the stricken country. This succor must be increased. If any freedom-loving people is entitled to our aid in this conflict, it is the Greek people.

Despite these appalling conditions in Greece, we have yet to read one report which speaks about the weakening of the valiant spirit with which the Greeks have opposed the invading forces. With what strength remains to them they continue to oppose the enemies. It does not seem to be in the nature of the Greek people to yield the fight while yet there is a Greek patriot who can swing a sword or pull a trigger.

It is reported that patriot warfare in Greece is growing in intensity, making the highways unsafe for the occupying Nazi-Fascist forces.

Countless Greek patriot bands, often led by former army officers, are striking at German and Italian encampments and supply lines. Bridges are being blown up. Trains are blasted. This Greek patriot activity immobilizes troops which Hitler needs badly for the eastern front.

One of the most heartening signs of the war has been the re-creation of the Greek fighting forces—Army, Navy, and Air Corps.

The Greek Merchant Marine—more than a million tons—is in the service of the Allies.

The Greek Navy is an important part of the Allied fleet in the eastern Mediterranean and the Indian Ocean. It is actively engaged in war duties, and has recently been augmented by 12 new ships. The Greek Air Force, equipped with American planes, is in action in Africa.

After the invasion of Greece a nucleus of the Greek Army escaped to Africa and Palestine and at once began to reform its lines in the Middle East. Recruits to this Army have come from all parts of the world, at the risk of their lives. This Army covered itself with fresh glory in the successful African campaign.

Thus Greece fights on. Her stubborn refusal to accept the abominable Nazi so-called "new order" typifies the unconquerable spirit, the smoldering anger, and the stern determination of the invaded countries to enjoy again all the rights and privileges of freedom.

Just so surely as day follows night gallant Greece will be freed. And when the task of reconstruction begins, generous aid will be in order for Greece. Certainly her people have earned an honored place among the United Nations and full recognition in the peace of the future. Their sacrifices must not have been made in vain. When the day of reckoning comes, an honored place will be given Greece at the council table, for she has lived up to the noblest of her glorious tradition. Greece has been true to her own soul.

#### INCLUSION OF COST OF LABOR IN DETERMINING PARITY PRICE

The Senate resumed the consideration of the bill (H. R. 1408) to amend section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, and the first sentence of paragraph (I) of section 2 of the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, approved June 3, 1937, as amended, so as to include the cost of all farm labor in determining the parity price of agricultural commodities.

Mr. LUCAS. Mr. President, I move that the House bill 1408 be recommitted to the Committee on Agriculture and Forestry for further study and consideration.

Mr. McNARY. The Senator has no intention of bringing his motion to recommit up tonight, has he?

Mr. LUCAS. Not at all.

Mr. BARKLEY. I will say that it is my purpose to move a recess until 11 o'clock tomorrow, in the hope that we may dispose of the motion of the Senator from Illinois, and if the motion shall not be agreed to, that we may dispose of the bill tomorrow.

Mr. LUCAS. A parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. Will the motion of the Senator from Illinois be the pending business tomorrow?

The PRESIDING OFFICER. It will be the pending business when the Senate convenes tomorrow.

#### CONDITIONS IN THE POSTAL SERVICE

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter dated March 23, 1943, from John J. Barrett, president of the United National Association of Post Office Clerks, to Hon. Frank C. Walker, Postmaster General.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 23, 1943.

HON. FRANK C. WALKER,  
Postmaster General,  
Post Office Department,  
Washington, D. C.

MY DEAR MR. POSTMASTER GENERAL: May I again call to your attention the unhappy condition of the Postal Service throughout the Nation and urge your immediate personal intervention with the Congress in order that what was once, by all odds, the most efficient branch of the Government service will not be reduced to chaos and confusion.

Unhappily complaints are accumulating everywhere, in the cities and in the rural districts, because of the increasing deterioration of the Postal Service. The American public has become so accustomed to the fast, efficient, and intelligent distribution of the United States mail that it is now losing its patience with the Postal Service. This is a matter which not only deeply distresses us as members of the United National Association of Post Office Clerks, but, obviously, disturbs our pride of workmanship.

Of greater importance this condition is slowing up the prompt, efficient transmission of the mail which is so vital to the furtherance of the thousands of aspects of the war and which must of necessity be entrusted to the mails. As you are aware, the normal, almost infinitesimal percentage of errors in

the proper distribution of the mails, is increasing to an alarming extent. At a time when business, particularly business devoted to making the instruments of war, must depend more and more for efficiency and speed in the Postal Service, it is being placed under a terrible handicap because the United States mail service no longer is as dependable and as speedy as the public has long been accustomed to. Actually in time of war, despite all obstacles, the mail service should be better than ever.

The fact that the Postal Service has lost more than 25,000 experienced employees to industry and to the armed services, and this number is increasing day by day, makes it imperative that we retain in the Postal Service those veteran postal clerks who are not subject to military duties. Unfortunately, however, because of inadequate pay our personnel in order to meet the rising cost of living is being forced in increasing numbers to find employment at higher wages in defense industries.

Between the call to military service and the call of bigger and better wages in defense plants, experienced postal clerks are leaving the Postal Service in such numbers that the distribution of the United States mail has reached its most inefficient stage since the turn of the century. Such a condition, very definitely, is contrary to the best interests of the Nation in time of war.

We cannot prevent men from entering the Army and the Navy, nor would we if we could. We can, however, make the Postal Service so attractive that men will not be forced to seek employment elsewhere.

It has been 18 years, Mr. Postmaster General, since there has been an increase in the pay classification of postal employees. Back in 1925 \$2,100 a year was fixed as the top bracket for postal clerks. This wage, as you know, is reached only after long years of service and efficiency. Since 1925 practically every branch of industry in the Nation has had several basic pay raises and now, under stress of high living costs occasioned by the war, wages everywhere are being increased.

Is it any wonder then that the Postal Service is losing its attractiveness?

Last December a hastily drawn piece of legislation tried temporarily to improve conditions in the Government service, but as variously administered locally chaos and confusion resulted for the Postal Service.

There is now pending in the Congress proposed legislation to improve the status of postal clerks but it seems that selfish interests are trying to block its passage. The United National Association of Post Office Clerks seeks no more for its membership than the Government itself has adopted as a policy in the Little Steel decision of the War Labor Board. In this decision, as you recall, basic wages of January 1, 1941, were increased 15 percent, plus time and one-half for overtime. Because our pay has not been adjusted since 1925 we seek a 20 percent increase plus time and one-half, based on a 260-day computation, for overtime.

Surely there is nothing selfish or greedy or unfair in this request. Postal employees should not forever be a part of the underfed, badly housed one-third of the Nation. We, too, are entitled to live as self-respecting American citizens. I am sure that the American people who have so long been proud of their Postal Service want us to live as decent, self-respecting citizens. I am equally sure, too, that the American people want the Postal Service restored to its former high degree of efficiency.

You, yourself, Mr. Postmaster General, in your last annual report to Congress wrote that "Postal employees are above the average in intelligence and, in my opinion, are unexcelled in their devotion to duty."

All of us in the Postal Service deeply appreciate this compliment because we know

that you are not given to double talking. We would appreciate even more if you will recognize that workers "above the average in intelligence" must also pay the increased costs of everything they buy these days. This seems to me to be fundamental.

As you know, Mr. Postmaster General, our organization, the United National Association of Post Office Clerks, is independently owned and operated and controlled by our members. We are the oldest organization of post-office clerks. We were organized in 1882, with the approval of the Post Office Department, for the purpose of improving the status of the postal clerks and for the betterment of the Postal Service. We are not affiliated with any national labor organization. We are, in every sense of the word, civil servants of the United States Government.

Some postal employees, however, have been persuaded by high-pressure tactics to join an organization owned, operated, and controlled by and subservient to the American Federation of Labor. We think that this was an error in judgment on the part of these employees and is as unthinkable as if the enlisted personnel of the United States Army and the United States Navy were affiliated with and subservient to the American Federation of Labor. Like soldiers and sailors, our Commander in Chief is Uncle Sam. We too have enlisted for the duration, but the duration with us is our life's work.

When we appeal therefore for an adjustment of our pay scale we find it difficult to understand why the American Federation of Labor will advocate increased pay and time and one-half for overtime for its other affiliate unions, but opposes time and one-half for postal employees. We can't understand why one group of workers should be fish and the other fowl when the American Federation of Labor endeavors to obtain pay adjustments. This does not make sense, Mr. Postmaster General. It not only is inconsistent, but it is an example of power politics as well as labor politics.

We of the United National Association of Post Office Clerks are not labor politicians. We are Government employees who are making a career of the Postal Service.

Once again, Mr. Postmaster General, may I quote from your last annual report. You wrote that since the base pay of postal employees has not been adjusted since 1925 an increase in pay now is "well merited and urgently needed." You also told Congress that the "Post Office Department wants them (the employees) to be contented and happy in their work."

Under the circumstances I appeal to you not only to help us keep our employees "contented and happy," but also to prevent a further deterioration in the Postal Service which has, unfortunately, occurred because entirely too many of our postal clerks have been forced to seek contentment and happiness outside of the Service.

With kindest personal regards, I am

Very sincerely,

JOHN J. BARRETT,  
President.

#### A CALL TO ACTION

Mr. LANGER. Mr. President, because I was twice attorney general and twice Governor of North Dakota before I was elected Senator by the people of my State over the unscrupulous opposition of both the old gang predatory Republican and Democratic machines, I feel it my bounden duty, in these most perilous hours in the Nation's history, to call the people to action.

If you millions of plain, everyday folks were in one vast auditorium, ready to embark on a fight to protect your own and your children's interests, I would speak to you thus:

People of America: We are facing a national election. On the one side are your political enemies, those who believe in vast aggregations of wealth, in having a few men at the top run the country, in a continuation of the old system where the farmer and laboring man get just enough to exist, and the small businessman is almost no more; and on the other side are you, the miner, the factory worker, the farmer, and the laborer whom these autocratic powerful monopolists wish to keep on controlling. These predatory sinister interests are again already busily engaged with some of their newspapers in trying to array the farmers against the laborers, the laborers against the farmers, and dividing both the farmers and the laborers into organizations where they even fight each other; in arousing the passions of one class against the other, in the continuation of prejudice against American citizens because of race, color, or creed.

These monopolists, who divided the business of the world before the war and were responsible for the depression, the low wages, the starvation farm prices, and farm foreclosures, are already carrying out their plans to again dominate the world when this war is over. The international banker, the members of infamous cartels, the millionaires and their friends who have been fighting the limitation of \$67,200 a year salaries which would leave the rich man a net of \$25,000, while the soldier's wife and children have gone hungry, struggling to keep alive on \$50 a month, or \$600 a year, while praying for the life which the soldier is daily offering upon the altar of democracy.

These enemies of yours who have fought and are fighting the establishment of synthetic-rubber plants, and who have fought the manufacture of synthetic rubber out of our grain and the fruit that has rotted on the ground, these disciples of greed and avarice, are determined, by electing the next President of the United States, to gain a deadly strangle hold upon the lives of the people. Through a pliant tool in the White House whom they hope to elect while your minds are occupied by the war, they plan to rule you after the war, and unless you wake up you will find yourselves helpless when you greet those millions of soldier boys and girls who trusted you to preserve democracy at home, while hundreds upon thousands lost their lives or came back blind, insane, or maimed. Shall we look to the new crop of millionaires created by World War No. 2 to rehabilitate them or shall we do this job ourselves? Remember, Congress has voted in favor of the \$67,200-patriot; but my measure to pay our soldiers at least \$100 per month still sleeps in the committee.

My friends, our enemies are organized. They know neither race, color, nor creed. They are interested in money and profits and in ruling you. To them the word "democracy" is a joke. To them a Republican or a Democrat or a Socialist is all right if he plays their game. They know neither east, west, north, nor south, except to array one against the others.



There is only one solution, and that is to fight fire with fire. They have proven that party affiliations mean nothing to them. You, by voting for non-partisan candidates for school boards, township officers, mayors, and Governors, have proven that you have the power now to go one step further and vote men into the offices of President and Vice President on a nonpartisan basis.

It is to rally you to that kind of fight that I address you. Alone, one of you suffering from injustice can do little. United, you can rule America as God Almighty intended the people should rule. The way to do that is by the organization of yourselves. Adopt the slogan "Every man a politician," and organize your voting precinct. The method which two other friends of you folks and I have decided upon and which I suggest that you adopt is as follows:

On a day chosen by us we will ask you leaders in every precinct in America to call a meeting of the people at your home. There, delegates will be chosen who will meet a week later at the county or parish courthouse. There, delegates will be chosen to meet at a State convention, and there delegates will be chosen to meet at a national convention. In no other way can the people, whom our political enemies are attempting to divide and array one against the other, better work out their problems, adopt their own platform, select their own candidates, and emerge unitedly pledged to fight for that platform and for those candidates.

If but a few of you Americans in every precinct pledged yourselves to enter this fight, we would start with a nucleus of over 2,000,000 American votes. By secret vote at the national convention of the people your elected delegates may select Mr. Roosevelt, or Wendell Willkie, or Norman Thomas, or, in their deliberations, they may choose some great labor or farm leader, or some farmer, laboring man, or businessman who today has not even been mentioned, but when they choose one man for President and another for Vice President, you can definitely depend upon the fact that it is your convention, made up of your friends, who are selecting these candidates whom you are pledged to support, and not the parasites who have grown fat and wealthy and powerful through the selection of their creatures to office.

This fight can be successful only if enough of the people enlist in it. This fight will not even get started unless enough of you show that you are determined to take control and organize for your own government. If not enough of you do it, then my talk to you today might as well be forgotten. If enough of you respond by signing the pledge herein contained, we will go on to a glorious victory. You are not organizing a new party—and yet that may result.

You are simply calling a convention in an endeavor to have the people take control of the parties now existing. But if you find that Wall Street and the politicians are controlling the Republican,

the Democratic, and the Socialist Parties, and that you cannot nominate a liberal friend of the people in one of these conventions, then the national convention, made up, as I have before said, of your own delegates, representing you, will decide the course to take, or which of the parties to support, or whether to create a new party relying upon the pledge we are asking you to sign.

If you will take up this battle, America at last will have one political group fighting for America first. You who gave your sons and daughters in this World War, and not the politicians, will say whether this world is going to continue to be a place of exploitation for the benefit of the few at the expense of the many, you and not the politicians will say whether there is to be a continuation of discrimination because of race, color, or creed.

Already, although the war is not yet won, we see an attempt to tie this country into a new League of Nations, an attempt to have your boys part of a great force to police the world. We see this although one-third of our own people are still undernourished and ill-clad. We have seen our Government for decades making a ghastly failure at ruling little Puerto Rico, and yet some wish to have us help rule the world. I say that you, and not groups of internationally minded controlling large newspapers, should decide.

You, and not the politicians, will decide whether lovers of America shall run this country, or whether it shall be governed by a horde of bureaucrats, none of whom you elected, and most of whom are seemingly more interested in how much of the taxpayers money and property they can give away to other countries rather than in America. You will never sell America short. To you America will always be first. You and not the politicians will be the political force that will unite the farmer, the laborer, the returned soldier, the small businessman, the miner, the factory worker, and all other patriots into a relentless battle against monopoly, greed, cunning, wicked, cruel, avarice, and un-Christian prejudice. The pledge we ask you to sign is as follows:

I do hereby promise at a date to be selected by the national committee to call together at my home on the day specified, patriotic men and women who, regardless of race, color, and creed, will pledge themselves to fight the battle of the people.

Name \_\_\_\_\_  
Address \_\_\_\_\_

#### MAIL TO SENATOR LANGER TODAY

Sign this pledge and mail it to me, Senator WILLIAM LANGER, Washington, D. C., as temporary chairman, and if enough of you will do this you will begin one of the finest, grandest battles for the common man ever begun in any nation on this earth. You, you, if you believe in America's future, sign this pledge that you will organize your precinct immediately, and mail it to me today.

Mr. President, I wish to say that I do not speak for and have no authority to speak for the Non-Partisan League of

North Dakota. The suggestion I have made has no connection with that organization.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Taylor, its enrolling clerk, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1692) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

#### ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker pro tempore of the House had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Acting President pro tempore:

H. R. 1692. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; and

H. J. Res. 100. Joint resolution extending the time within which certain acts under the Internal Revenue Code are required to be performed.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MAYBANK in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF FOREIGN RELATIONS COMMITTEE

Mr. CONNALLY, from the Committee on Foreign Relations, submitted the following favorable reports of nominations:

Robert M. Scotten, of Michigan, now Envoy Extraordinary and Minister Plenipotentiary to Costa Rica, to be Ambassador Extraordinary and Plenipotentiary to Ecuador;

Fay A. Des Portes, of South Carolina, now Envoy Extraordinary and Minister Plenipotentiary to Guatemala, to be Ambassador Extraordinary and Plenipotentiary to Costa Rica;

Walter Thurston, of Arizona, now Envoy Extraordinary and Minister Plenipotentiary to El Salvador, to be Ambassador Extraordinary and Plenipotentiary to El Salvador;

Boaz Long, of New Mexico, now Ambassador Extraordinary and Plenipotentiary to Ecuador, to be Ambassador Extraordinary and Plenipotentiary to Guatemala;

John D. Erwin, of Tennessee, now Envoy Extraordinary and Minister Plenipotentiary to Honduras, to be Ambassador Extraordinary and Plenipotentiary to Honduras;

James B. Stewart, of New Mexico, now Envoy Extraordinary and Minister Plenipotentiary to Nicaragua, to be Ambassador Extraordinary and Plenipotentiary to Nicaragua;

John Campbell White, of New York, now Envoy Extraordinary and Minister Plenipotentiary to Haiti, to be Ambassador Extraordinary and Plenipotentiary to Haiti;

Avra M. Warren, of Maryland, now Envoy Extraordinary and Minister Plenipotentiary to the Dominican Republic, to be Ambassador Extraordinary and Plenipotentiary to the Dominican Republic; and

Merlin E. Smith, of Ohio, to be a Foreign Service officer, unclassified, a vice consul of career, and a secretary in the Diplomatic Service.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

#### NOMINATION PASSED OVER—UNITED STATES MARITIME COMMISSION

The legislative clerk read the nomination of Rear Admiral Emory S. Land to be a member of the United States Maritime Commission.

Mr. McNARY. Mr. President, I am somewhat embarrassed by the absence of the junior Senator from Vermont [Mr. Aiken].

Mr. BARKLEY. It is the understanding that this nomination shall go over.

Mr. McNARY. I had so understood.

The PRESIDING OFFICER. The nomination will be passed over.

#### DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Tom C. Clark, of Texas, to be Assistant Attorney General of the United States.

Mr. CONNALLY. Mr. President, I ask that the nomination be confirmed.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Hugh B. Cox, of the District of Columbia, to be Assistant Attorney General of the United States (new position).

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### WAR MANPOWER COMMISSION

The legislative clerk read the nomination of John D. Howard, of Texas, to be area director at \$4,600 per annum, Beaumont area office.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters on the calendar.

Mr. BARKLEY. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc.

#### THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. BARKLEY. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

#### THE NAVY

The legislative clerk read the nomination of Alexander G. Lyle, to be dental surgeon, with the rank of rear admiral, for temporary service, to rank from March 13, 1943.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. That completes the calendar.

Mr. BARKLEY. I ask that the President be immediately notified of all nominations this day confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

#### RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Friday, March 26, 1943, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate March 25 (legislative day of March 23), 1943:

##### COLLECTOR OF CUSTOMS

James R. Wade, of Sullivan, Mo., to be collector of customs for customs collection district No. 45, with headquarters at St. Louis, Mo., to fill an existing vacancy.

##### SELECTIVE SERVICE SYSTEM

Holmes B. Springs to be State director of selective service for South Carolina.

##### WAR MANPOWER COMMISSION

Rhodon Parrott Clift, from the State of Tennessee, to be area director, at \$4,600 per annum, in the Memphis area office of the War Manpower Commission.

William Gordon Ennis, from the State of Connecticut, to be area director at \$6,500 per annum, in the Hartford area office of the War Manpower Commission.

George Sidney Drysdale, from the State of California, to be head manpower utilization consultant at \$6,500 per annum, in the San Francisco regional office of the War Manpower Commission.

Henry K. Arneson, from the State of Arizona, to be area director for Arizona, at \$4,600 per annum, in the Phoenix office of the War Manpower Commission.

William Royle, from the State of Nevada, to be area director for Nevada, at \$4,600 per annum in the Reno office of the War Manpower Commission.

James Asbury Downey, Jr., from the State of Alabama, to be area director, at \$4,600 per annum, in the Birmingham area office of the War Manpower Commission.

Harry Hardie, from the State of Maryland, to be senior manpower utilization consultant, at \$4,600 per annum, in the Washington regional office of the War Manpower Commission.

William Harry Barron, Jr., from the State of Missouri, to be housing and transportation specialist, at \$4,600 per annum, in the Kansas City regional office of the War Manpower Commission.

Ben Alvin Barnard, from the State of California, to be senior training specialist, at \$4,600 per annum, in the Los Angeles area office of the War Manpower Commission.

Dale Yoder, from the State of Minnesota, to be Chief of the Planning Division in the Bureau of Program Planning and Review, at \$8,000 per annum, in the Washington office of War Manpower Commission.

Chester A. Smith, from the State of Minnesota, to be principal administrative analyst in the Office for Field Management, at \$5,600 per annum, in the Washington office of War Manpower Commission.

Ike P. Taylor, from the Territory of Alaska, to be area director for Alaska, at \$7,000 per

annum, in the Juneau office of the War Manpower Commission.

Clarence A. McGowan, from the State of Pennsylvania, to be housing and transportation specialist, at \$4,600 per annum, in the Philadelphia regional office of the War Manpower Commission.

Richard H. Abbott, from the State of Ohio, to be principal manpower utilization consultant, at \$5,600 per annum, in the Cleveland regional office of the War Manpower Commission.

Mary E. Miller Dewey, from the State of Connecticut, to be area director, at \$5,600 per annum, in the Waterbury area office of the War Manpower Commission.

Wallace D. Holden, from the State of Massachusetts, to be regional representative, at \$6,500 per annum, in the Boston regional office of the War Manpower Commission.

Harold Philip Redden, from the State of Massachusetts, to be area director, at \$5,600 per annum, in the Springfield area office of the War Manpower Commission.

Vincent DePaul Murphy, from the State of New York, to be area director, at \$4,600 per annum, in the Utica area office of the War Manpower Commission.

#### TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

##### TO BE MAJOR GENERALS

Brig. Gen. Alan Walter Jones (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. John Bernard Brooks (colonel, Air Corps), Army of the United States.

Brig. Gen. John Taylor Lewis (lieutenant colonel, Coast Artillery Corps), Army of the United States.

Brig. Gen. Elbridge Gerry Chapman, Jr. (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Clarence Ralph Huebner (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Eugene Manuel Landrum (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Stephen Garrett Henry (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. George Ralph Meyer (colonel, Coast Artillery Corps), Army of the United States.

Brig. Gen. Gladeon Marcus Barnes (colonel, Ordnance Department), Army of the United States.

Brig. Gen. Lloyd Davidson Brown (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Stonewall Jackson (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Claire Lee Chennault (captain, U. S. Army), Army of the United States.

Brig. Gen. Clayton Lawrence Bissell (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Brig. Gen. John Breiting Coulter (colonel, Cavalry), Army of the United States.

Brig. Gen. Thomas Dewees Finley (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Ennis Clement Whitehead (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Brig. Gen. Delmar Hall Dunton (lieutenant colonel, Air Corps; temporary colonel, Army of the United States—Air Corps), Army of the United States.

Brig. Gen. Everett Strait Hughes (colonel, Ordnance Department), Army of the United States.

Brig. Gen. Horace Logan McBride (lieutenant colonel, Field Artillery), Army of the United States.

Brig. Gen. Harry Fouts Hazlett (colonel, Infantry), Army of the United States.



Brig. Gen. Herman Frederick Kramer (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Willard Stewart Paul (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. William Maynadier Milley (lieutenant colonel, Infantry), Army of the United States.

#### TO BE BRIGADIER GENERALS

Col. Cornelius Martin Daly (lieutenant colonel, Cavalry), Army of the United States.

Col. Theodore Francis Wessels (lieutenant colonel, Infantry), Army of the United States.

Col. Herbert Towle Perrin (lieutenant colonel, Infantry), Army of the United States.

Col. Elliot Duncan Cooke (lieutenant colonel, Infantry), Army of the United States.

Col. Samuel Tankersley Williams (lieutenant colonel, Infantry), Army of the United States.

Col. Joseph Vincent de Paul Dillon (major, Judge Advocate General's Department), Army of the United States.

Col. William George Walker (lieutenant colonel, Infantry), Army of the United States.

Col. Henry Pratt Perrine, Infantry.

Col. Arthur Ringland Harris, Field Artillery.

Col. Claude Mitchell Adams (lieutenant colonel, Infantry), Army of the United States.

Col. Clare Hibbs Armstrong (lieutenant colonel, Coast Artillery Corps), Army of the United States.

Col. Pleas Blair Rogers (lieutenant colonel, Infantry), Army of the United States.

Col. Clinton Frederick Robinson (major, Corps of Engineers), Army of the United States.

Col. James Thomas Duke (lieutenant colonel, Cavalry), Army of the United States.

Col. James Millikin Bevans (major, Air Corps; temporary lieutenant colonel, Air Corps; temporary colonel, Army of the United States—Air Corps), Army of the United States.

Col. Loyal Moyer Haynes (lieutenant colonel, Field Artillery), Army of the United States.

Col. John Stewart Bragdon (lieutenant colonel, Corps of Engineers), Army of the United States.

Col. William Arthur Beiderlinden (lieutenant colonel, Field Artillery), Army of the United States.

Col. Russel Burton Reynolds (lieutenant colonel, Infantry), Army of the United States.

Col. Charles Richard Doran (lieutenant colonel, Field Artillery), Army of the United States.

Col. Richard Cox Coupland (lieutenant colonel, Ordnance Department), Army of the United States.

Col. William Lloyd Richardson (major, Coast Artillery Corps), Army of the United States.

Col. Don Gilmore Shingler (lieutenant colonel, Corps of Engineers), Army of the United States.

Col. Charles Franklin Born (captain, Air Corps; temporary lieutenant colonel, Air Corps; temporary lieutenant colonel, Army of the United States), Army of the United States—Air Corps.

Col. Clarence Hagbart Danielson, Adjutant General's Department.

Col. William Earl Crist (major, Infantry), Army of the United States.

Col. Herbert Joseph Lawes, Quartermaster Corps.

Col. James George Christiansen (lieutenant colonel, Corps of Engineers), Army of the United States.

Col. Thomas Leroy Holland (lieutenant colonel, U. S. Army), Army of the United States.

Col. Edgar Harrison Underwood (lieutenant colonel, Coast Artillery Corps), Army of the United States.

Col. Charles Henry Barth, Jr. (major, Corps of Engineers), Army of the United States.

Col. James Hess Walker (major, Cavalry), Army of the United States.

Col. William Curtis Chase (lieutenant colonel, Cavalry), Army of the United States.

Col. Constant Louis Irwin (lieutenant colonel, Infantry), Army of the United States.

Col. Alonzo Patrick Fox (lieutenant colonel, Infantry), Army of the United States.

Col. Paul Wilkins Kendall (lieutenant colonel, Infantry), Army of the United States.

Col. William Alexander McCulloch, Infantry.

Col. James Gasper Devine (lieutenant colonel, Coast Artillery Corps), Army of the United States.

Col. Leon Alexander Fox (lieutenant colonel, Medical Corps), Army of the United States.

Col. Sylvester De Witt Downs, Jr., Field Artillery.

Col. Adam Richmond (lieutenant colonel, Judge Advocate General's Department), Army of the United States.

Col. Joseph Andrew Holly (lieutenant colonel, Infantry), Army of the United States.

Col. Lee Saunders Gerow (lieutenant colonel, Infantry), Army of the United States.

Col. Elwyn Donald Post (major, Infantry), Army of the United States.

Col. Paul Langdon Williams (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Col. Clarence Lionel Adcock (lieutenant colonel, Corps of Engineers), Army of the United States.

Col. George Arthur Davis (lieutenant colonel, Infantry), Army of the United States.

Col. Joseph Alfred Cranston (lieutenant colonel, Infantry), Army of the United States.

Col. Gerald Saint Claire Mickle (lieutenant colonel, Infantry), Army of the United States.

Col. Foster Joseph Tate (lieutenant colonel, Field Artillery), Army of the United States.

Col. Edwin Butcher, United States Army.

Col. John Leonard Whitelaw (lieutenant colonel, Infantry), Army of the United States.

Col. Joseph Vinell Phelps (lieutenant colonel, Field Artillery), Army of the United States.

Col. Lauris Norstad (captain, Air Corps; temporary major, Army of the United States; temporary lieutenant colonel, Air Corps), Army of the United States, Air Corps.

Col. Leo James Ahern, Field Artillery.

Col. Beverly Charles Dunn, Corps of Engineers.

Col. Edward Elliott MacMorland (lieutenant colonel, Ordnance Department), Army of the United States.

Col. Norman Thomas Kirk, Medical Corps.

Col. George Jacob Richards (lieutenant colonel, Corps of Engineers), Army of the United States.

Col. Francis Augustus Woolfley (lieutenant colonel, Infantry), Army of the United States.

Col. George Fairless Lull, Medical Corps.

Col. Miles Andrew Cowles (lieutenant colonel, Field Artillery), Army of the United States.

Col. Stewart Elvin Reimel (lieutenant colonel, Ordnance Department), Army of the United States.

Col. William Edward Bergin (lieutenant colonel, Adjutant General's Department), Army of the United States.

Col. Edmund Wilson Searby (lieutenant colonel, Field Artillery), Army of the United States.

Col. Charles Kilbourne Nulsen, Infantry.

Col. William Evens Hall (captain, Air Corps; temporary lieutenant colonel, Air Corps; temporary lieutenant colonel, Army of the United States), Army of the United States, Air Corps.

Col. James Stevens Simmons, Medical Corps.

Col. William Joseph Donovan, Cavalry Reserve.

Col. Edward Samuel Greenbaum (lieutenant colonel, Ordnance Reserve), Army of the United States.

Col. Ronald Cornelius Brock, Field Artillery, National Guard of the United States.

Col. Thomas Bayne Wilson, Army of the United States.

Col. Alexander Newton Stark, Jr. (lieutenant colonel, Infantry), Army of the United States.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate March 25 (legislative day of March 23), 1943:

#### DEPARTMENT OF JUSTICE

##### ASSISTANT ATTORNEYS GENERAL

Tom C. Clark to be Assistant Attorney General of the United States.

Hugh B. Cox to be Assistant Attorney General of the United States.

#### WAR MANPOWER COMMISSION

John D. Howard to be area director at \$4,600 per annum in the Beaumont area office, War Manpower Commission.

#### IN THE ARMY

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

##### To Ordnance Department

Lt. Col. George DeVere Barnes

##### To Air Corps

Second Lt. John Streett Baldwin

Second Lt. Joseph Briggs De Vennish

Second Lt. Kenneth Lee Garrett

Second Lt. Jacob Whitman Klerk.

Second Lt. John Rossignol Lovett

Second Lt. Thomas Ranson Ople

#### PROMOTIONS IN THE REGULAR ARMY

##### To be colonel, Infantry

Charles Harrison Corlett

##### To be colonel, Air Corps

William Ord Ryan

##### To be colonel, Field Artillery

William Francis Maher.

##### To be first lieutenants in the Air Corps

Richard Churchill Hutchinson

Peter Joseph Prossen

Frank Peter Bostrom

Herbert Otto Wangeman

Richmond Archibold Livingstone

Sylvan Davis Hand

Jack Southmayd Marks

Robert Copeland Paul

Donald Earl Meade

James Franklin Whisenand

Don Allen Pomeroy, Jr.

Abraham Donley Olson

William Joseph Alvin Bowen

Walter Winfred Cross

Frank Burkley Harding

Roland John Barnick

Thomas Harber Holbrook

Clarence Bernard Hammerle, Jr.

John William Weltman

Milton Elmo Thompson

Robert John Koster

Marcus Alfred Mullen

Donald Martin Alexander

James Daniel Mayden

Anthony Vincent Grossetta

John Henry Carter

Thaddeus Lewis Woltanski

William Robert Purinton

Duane Haren Skiles

Albert Arnold Cory

Brunow William Felling

Glen Webster Martin

Richard Francis Ezzard

Charles Edward Gregory

Paul John Yurkanis  
 Charles Marion Eisenhart  
 Theodore Ross Clinkscales  
 Frank Elgin Bomar  
 Warren Sanford Wheeler  
 Gilbert Louis Meyers  
 Keith Wesley Dech  
 Chester Charles Busch  
 John Campbell Wilkins  
 Earl Brown Cook  
 Charles Paul Sheffield  
 William McMillan Knowles  
 Frank Lowry Dunn  
 Robert Jerome Hughey  
 George Joseph Ola  
 Everett Wilson Stewart  
 Frank Robbins Pancake  
 William Wallace Momyer  
 Raymond Steele Morse  
 Martin Perdue Crabtree  
 Harold Frederick Wilson  
 Milford Felix Itz  
 William Nelson Boaz, Jr.  
 Joseph James Preston  
 John Gilliland Simpson  
 Thomas Marion Todd  
 John Randolph Maney  
 Jerome Tarter  
 Charles Dewey Slocumb, Jr.  
 James Ernest Haile, Jr.  
 Ralph LeRoy Merritt, Jr.  
 Francis Bernard Carlson  
 Adriel Newton Williams  
 Fred Wright McNelly  
 Paul Constantine Schauer  
 Francis Frey Seeburger 4th  
 Harold Thaddeus Babb  
 George Echelbary Cranston  
 Keith Streeter Wilson

*To be colonels in the Medical Corps*

Edgar Fremont Haines  
 John Randolph Hall  
 Royal Kendall Stacey  
 John Wade Watts  
 George Albert O'Connell  
 Charles Kettig Berle  
 Percy James Carroll  
 Harry Hunt Towler  
 Leon Alexander Fox  
 Floyd William Hunter  
 James Hubert Blackwell  
 Irwin Beede March  
 Robert E. Thomas  
 Henry Colmore Bradford  
 Samuel McPherson Browne  
 William Joseph Froitzheim  
 Leonard Watson Hassett  
 William Thomas Weissinger  
 John Roy Oswalt  
 Joseph Edward Campbell  
 Erick Martin Paulus Sward  
 Charles Benjamin Kendall  
 James Porter Crawford  
 Thomas Dreux Hurley  
 John Howard Sturgeon  
 Wood Sue Woolford  
 Raymond Wright Whittier  
 Elias Earle Cooley  
 Gerald D. France  
 Clarke Blance  
 Paul Miller Crawford  
 Miner Frank Felch  
 Frank Lamont Cole  
 Charles Augustus Pfeffer  
 Cadmus James Baker  
 George Sawyer Woodard  
 Harry Elton Hearn  
 Carlton Lakey Vanderboget  
 Francis Elwood Weatherby

*To be captains in the Medical Corps*

Samuel Charles Harwood  
 William Charles Burry  
 Robert Christian Rauscher  
 Edward Virginius Swift

*To be colonel in the Dental Corps*

George Magnor Krough

*To be captain, chaplain, United States Army*  
 John Alphonsus Dunn

IN THE NAVY  
 TEMPORARY SERVICE

Alexander G. Lyle, to be a dental surgeon, with the rank of rear admiral, for temporary service, to rank from March 13, 1943.

POSTMASTERS

GEORGIA

Mack B. Smith, Drybranch.  
 Elvis L. Hopper, Hapeville.  
 Victor L. Howe, Tallapoosa.  
 Stephen C. Tate, Tate.

LOUISIANA

Paul T. Thibodaux, Donaldsonville.

MASSACHUSETTS

Patrick J. Connelly, Boston.

OHIO

Orpah M. Geeding, Addyston.  
 George M. Hanlon, Hamersville.  
 William E. Steck, New Lebanon.

PENNSYLVANIA

J. Raymond Stratton, Blossburg.  
 Mary R. Yocom, Douglassville.  
 Flora E. Falter, Glassmere.  
 Russell D. Stein, Kutztown.  
 Richard H. Ziegler, Red Lion.  
 Harold E. Burnham, Wattsburg.  
 Delia L. Meckly, West Milton.

## HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 25, 1943

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, out of the limitations of our knowledge we would pour out our prayer at Thy mercy seat. Do Thou combine in us our understanding and Thy transforming spirit of divine revelation that we may be wise to know the right and strong to perform it. Above the eager, vehement, and restless spirit give us the true light with the clearest ray and the supremest wisdom, and let a deep sense of our obligation brood over our pride and power.

We praise Thee that the words of our great Teacher, whose path of humble service was a path of enchantment, gave sanction to democracy, an inspiration to its champions, and a guarantee of its triumph. We pray that the Cross, the symbol of divine love and tenderness, may be enthroned in all breasts and its spirit imparted to all hearts. In this season, set apart for spiritual meditation, O let us commune in the quiet and solitude of our souls, beholding the open mind of the Christ and dedicating our talents with greater fidelity in all things. O save our people from personal indulgence and avarice, which turn life into wormwood and make it like the chaff which the wind driveth away. Send Thy still waters which bring fragrance and life to those dwelling on the shore line. In our Saviour's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communi-

cated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 10, 1943:

H. R. 839. An act to amend the act approved May 27, 1937 (ch. 269, 50 Stat. 208), by providing substitute and additional authority for the prevention of speculation in lands of the Columbia Basin project, and substitute and additional authority related to the settlement and development of the project, and for other purposes.

On March 11, 1943:

H. R. 1501. An act to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941.

On March 17, 1943:

H. R. 1749. An act to amend Veterans Regulation No. 10, as amended, to grant hospitalization, domiciliary care, and burial benefits in certain World War No. 2 cases.

On March 18, 1943:

H. R. 1975. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1943, and for other purposes.

On March 23, 1943:

H. R. 2023. An act to amend section 301, World War Veterans' Act, 1924, as amended, to authorize renewal of expiring 5-year level premium-term policies of those in active military or naval service and certain others outside the continental limits of the United States, and for other purposes; and

H. R. 2030. An act to permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

On March 24, 1943:

H. R. 133. An act to amend and clarify certain provisions of law relating to functions of the War Shipping Administration, and for other purposes.

EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that in the remarks which I make in the debate on the tax bill I may include certain tables and quotations.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

EXPENSES OF COMMITTEE TO INVESTIGATE FARM SECURITY ADMINISTRATION

Mr. PATTON. Mr. Speaker, I call up House Resolution 81, to provide for the expenses of investigation authorized by House Resolution 80, a resolution creating a select committee to investigate the activities of the Farm Security Administration, and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That the expenses of the committee of investigation authorized by House Resolution 80, not exceeding \$10,000, including expenditures for the employment of experts and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on Accounts.

Mr. PATTON. Mr. Speaker, I offer a committee amendment.



The Clerk read as follows:

Committee amendment: Page 1, line 2, strike out "80" and insert "119."

The amendment was agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a memorial from the General Assembly of Iowa.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

#### PATRIOTIC SERVICE OF AMERICAN SEAMEN

Mr. BLAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. BLAND. Mr. Speaker, Mr. Joseph Curran, president of the National Maritime Union, has informed me that some remarks made by me in the House when the bill for the deportation of alien seamen, H. R. 2076, was under consideration have been construed as detrimental to American seamen and detracting from or reflecting upon their service. I thank Mr. Curran for giving me that information.

A careful perusal of the remarks which I made will, I am sure, disclose that no such implication is warranted. The ship to which I referred as carrying 6,000 American troops, which had such a shortage of men that it was necessary to supply 227 men from the Army, was a foreign ship and not an American ship.

The law prohibits an American ship from carrying more than a small percentage of aliens.

No one is more keenly conscious or justly proud of the splendid service and sacrifices that have been made by American seamen than I, and I resent as keenly as the seamen themselves malignant slanders which detract from the self-sacrificing, noble, patriotic, and heroic service which they are rendering.

#### EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

#### SHORTAGE OF AGRICULTURAL WORKERS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. BROOKS. Mr. Speaker, I have just received a very strong protest from the chairman of the Claiborne Parish war board in Louisiana against the recruitment of agricultural workers in this parish. He states that there is an acute shortage of agricultural workers in this vicinity, and the records of the Agriculture Department show that there is in

fact less than 50 percent of a normal supply of agricultural labor available. I say, Mr. Speaker, that the folly of the Farm Security Administration in trying to get farm workers from places where there is no idle farm labor available should cease.

Mr. Speaker, for the information of the Members I read this telegram which I have received:

HOMER, LA., March 23, 1943.

OVERTON BROOKS,

Member of Congress:

The war board in session this date requests you take whatever steps necessary to stop movement of farm labor from Claiborne Parish. Serious shortage of labor here already.

L. M. GREEN,

Claiborne Parish War Board.

#### EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a resolution by the State Legislature of Michigan.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial which recently appeared in the New York Times and a letter in reply that I wrote to the editor.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

#### WAR DAMAGE CORPORATION INSURANCE POLICIES

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. KENNEDY]?

There was no objection.

Mr. KENNEDY. Mr. Speaker, today I shall introduce a House concurrent resolution and a bill concerning the War Damage Insurance Corporation. Both the resolution and the bill are designed to achieve the same objective; that is, the extension of all existing policies of insurance of the War Damage Insurance Corporation for a period of 1 year, without further payment of premiums upon the part of the policyholder.

A recent official statement of the Corporation indicates that there are more than 3,750,000 policies in force, providing coverage in an amount of \$94,000,000,000 and for which the Corporation has collected over \$119,000,000. The losses have been negligible. Because the Government should not profit from this insurance, I believe it could and should give to the policyholders this extended coverage on the basis of the loss experience of the past year on the basis of the premiums heretofore paid to the War Damage Insurance Corporation.

Let us adopt my proposals and help save money for our overburdened taxpayers.

JOSEPH WEINER

Mr. CELLER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

There was no objection.

Mr. CELLER. Mr. Speaker, Joseph Weiner, Office of Civilian Supply, of farm machinery fame, is at it again. He gave us, you will remember, that mumbo jumbo "bedrock" report of civilian supplies which would give us prohibition through the back door, which would give us, for example, practically no watches or radios, but would guarantee 50 percent of the supply of golf balls and 70 percent of the supply of lipstick.

Weiner and the Weinerites wanted to cut newsprint paper to 40 percent, which would destroy practically all the small newspapers in the country. Contrary to the views of Donald M. Nelson, the distinguished Administrator, now, Mr. Weiner wants to set up a brand new bureau of civilian supplies, outside of the War Production Board, with a new entourage of experts, economists, professors and what have you. He probably aims to be the "pooh-bah" of this new outfit of Weinerites—or we may call them a new string of "weinies."

Remember, this is the same man whose office gave us the idea that farmers might lessen the wear and tear on horseshoes by taking them off the animals seasonally—by way, I suppose, of giving the horses a vacation—barefoot.

Watch out for this fellow, I ask you gentlemen of the Congress.

The SPEAKER pro tempore. The time of the gentleman has expired.

#### EXTENSION OF REMARKS

Mr. FORAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include an analysis of my bill, H. R. 2277, which I intend to offer as a substitute for the committee bill after we have disposed of the Carlson bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island [Mr. FORAND]?

There was no objection.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD, and to include a short editorial on the experiment of collectivism in the United States.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. DONDERO]?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. WEISS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania [Mr. WEISS]?

There was no objection.

[Mr. WEISS addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. McMURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include an editorial from the Milwaukee Journal.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Wisconsin [Mr. McMURRAY]? There was no objection.

#### A. F. L. GROUPS PLAN DONATION OF BLOOD

Mr. McMURRAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Wisconsin [Mr. McMURRAY]? There was no objection.

Mr. McMURRAY. Mr. Speaker, I have heard a good many words uttered on the floor of this House in regard to American labor. I should like to read a brief news item from the Milwaukee Journal, Milwaukee, Wis., of March 10, 1943. It is headed "A. F. L. groups plan donation of blood," and reads as follows:

#### A. F. L. GROUPS PLAN DONATION OF BLOOD

Executives of the Federated Trades Council and of the Milwaukee Building and Construction Trades Council Thursday noon will initiate a program designed to provide 50,000 pints of blood plasma for the armed forces this year.

Twenty-four of them are scheduled to appear at the Red Cross blood procurement center, 507 East Wells Street, at noon under the direction of J. F. Friedrich, general organizer of the Federated Trades Council, and Peter Schoemann, head of the Building and Construction Trades Council.

Mrs. Ray Rose, director of the center, said that she had been advised that the American Federation of Labor had printed for distribution 10,000 cards for enrollment at the center.

Mr. Speaker, that is Milwaukee labor, that is Wisconsin labor, that is American labor.

The **SPEAKER** pro tempore. The time of the gentleman has expired.

#### EXTENSION OF REMARKS

Mr. JACKSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the **RECORD** and to include an article by Dorothy Thompson.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington [Mr. JACKSON]? There was no objection.

Mr. JACKSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the **RECORD** and to include an article by Samuel Grafton.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington [Mr. JACKSON]? There was no objection.

#### INVESTIGATION BY COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. SABATH, from the Committee on Rules, submitted the following privileged resolution (H. Res. 98, Rept. No. 301), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That the Committee on Interstate and Foreign Commerce, acting as a whole or by subcommittee, is authorized and directed to conduct an investigation for the purpose of determining—

(1) Whether the War Production Board, the Office of Price Administration, or any other agency or officer in the executive branch of the Government has formulated or is formulating plans with a view to putting into

effect (a) requirements with respect to Federal grade labeling of articles or commodities, and the discarding of private brand names of articles or commodities; (b) requirements which would have the effect of curtailing the production or consumption of newsprint on book papers used in the printing of newspapers, magazines, or such other publications as are admitted to second-class mailing privileges; or (c) any other requirements intended to bring about simplification and standardization of production, marketing, and distribution of articles or commodities, as well as concentration of industry or production; and

(2) Whether, and to what extent, the formulation and carrying out of such plans are necessary in connection with the war effort; and

(3) The extent to which any such plans may represent an attempt to change our domestic economy along lines not authorized by Congress.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its investigation, together with such recommendations as it deems advisable.

Sec. 2. For purposes of carrying out the provisions of this resolution, the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned; to hold such hearings; to require the attendance of such witnesses and the production of such books, correspondence, memoranda, papers, and documents, by subpoena or otherwise; and to take such testimony as it deems necessary. Subpenas shall be issued over the signature of the chairman of the committee, and may be served by any person designated by the chairman.

#### MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REGIONALIZED FREIGHT RATES: BARRIERS TO NATIONAL PRODUCTIVENESS (H. DOC. NO. 137)

The **SPEAKER** laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Military Affairs and ordered to be printed, with illustrations:

#### To the Congress of the United States:

I transmit herewith for the information of the Congress copy of a communication from the Chairman of the Tennessee Valley Authority submitting the third report of the Authority, entitled "Regionalized Freight Rates: Barrier to National Productiveness."

The Tennessee Valley Authority emphasizes the timely and practical nature of the survey.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 25, 1943.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, and to revise and extend my remarks.

The **SPEAKER** pro tempore. Is there objection?

There was no objection.

[Mr. HINSHAW addressed the House. His remarks appear in the Appendix.]

Mr. HENDRICKS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks

in the Appendix and include a letter written by the gentleman from Texas, Congressman MANSFIELD, chairman of the Rivers and Harbors Committee, to the gentleman from Pennsylvania, Hon. BUELL SNYDER.

The **SPEAKER** pro tempore. Is there objection?

There was no objection.

[Mr. HENDRICKS addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the **RECORD** and to include therein a talk given Monday evening, March 22, over the Mutual Broadcasting System, by Hon. Charles P. Taft, Assistant Director, Defense Help and Welfare Services, Social Security Agency, entitled "School Services for Children of Working Mothers."

The **SPEAKER**. Is there objection?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to insert therein a copy of a bill we passed a few days ago for the rehabilitation of disabled veterans.

The **SPEAKER** pro tempore. Without objection, it is so ordered.

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks on House Joint Resolution 96, dealing with the appropriation of \$26,000,000 for labor on the farm, on the ground that, in my opinion, it is legislation which affects statutes which are not within the purview of the committee that reported the bill out.

The **SPEAKER** pro tempore. Is there objection?

There was no objection.

#### CALL OF THE HOUSE

Mr. GORE. Mr. Speaker, I make the point that a quorum is not present.

The **SPEAKER** pro tempore. Evidently a quorum is not present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 31]

Andersen, H. Carl	Engel	Jennings
Anderson, Calif.	Englebright	Kee
Andrews	Fay	Keefe
Baldwin, Md.	Feighan	King
Bates, Mass.	Ford	Klein
Beckworth	Gallagher	Larcade
Bonner	Gathings	LeCompte
Bradley, Mich.	Gavagan	Lewis, Colo.
Brehm	Gearhart	Maas
Brown, Ohio	Gerlach	May
Buckley	Gibson	Merritt
Byrne	Guyer	Morrow
Cochran	Halleck	Miller, Mo.
Cole, N. Y.	Harless, Ariz.	Morrison, N. C.
Culkin	Harris, Va.	Murray, Tenn.
Dawson	Hart	Myers
Delaney	Hays	Nichols
Dirksen	Hess	O'Toole
Douglas	Hope	Patman
Elmer	Izac	Pfeifer
Elston, Ohio	Jarman	Ploeser
	Jenkins	Reece, Tenn.



Robertson	Sheridan	Taylor
Rogers, Calif.	Slaughter	Treadway
Rowe	Smith, Maine	Walter
Sadowski	Stewart	Welchel, Ohio
Schiffler	Taber	West
Schwabe	Talbot	

The SPEAKER pro tempore. Three hundred and fifty-one Members have answered to their names. A quorum is present.

On motion of Mr. COOPER, further proceedings under the call were dispensed with.

#### EXTENSION OF REMARKS

(Mr. LAMBERTSON, Mr. LANDIS, and Mr. WHITE asked and were given permission to extend their own remarks in the RECORD.)

Mrs. LUCE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the pending bill and include therein an amendment, which I intend to offer to the Carlson amendment.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. CASE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Saturday Evening Post entitled "How We Take the Profiteer Out of War."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

#### INDIVIDUAL INCOME TAX COLLECTION ACT OF 1943

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2218) to provide a method for the payment currently of individual income taxes, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2218, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, I yield myself 40 minutes.

Mr. DOUGHTON. Mr. Chairman, in presenting this bill from the Committee on Ways and Means—H. R. 2218—may I say at the outset that this is a committee bill from first to last. I do this in direct response to unwarranted charges that the Treasury Department has written this tax bill. If ever any bill has come before the Congress of the United States written by the committee having responsibility for it, this is such bill.

I want the members of the press to take note of this statement. At no time during the consideration of this bill has the Treasury Department presented any bill or attempted to usurp the prerogatives of our committee or shown any special favoritism toward any bill. The staff of the Treasury have been helpful

and cooperative, as always, in furnishing legal advice, statistics, and information that was very helpful to the committee.

We appreciate the help that has been furnished our committee by the Treasury staff and the staff of the Joint Committee on Internal Revenue Taxation. Had it not been for the help furnished us by these staffs, our work would have been greatly delayed and we would have been handicapped in our efforts.

In presenting the revenue-collection bill of 1943 I regret that it is necessary to state that our committee was unable to reach a complete agreement as to all the provisions of the bill, as we have been able to do in the case of all other tax bills made necessary by the war. However, the only issue on which complete agreement was impossible was that relating to the novel proposal originating in the brain of the great self-proclaimed tax expert and prophet, Beardsley Ruml, of the House of Macy, calling for complete forgiveness of at least 1 year's taxes on incomes which have already been earned and enjoyed by the taxpayer. And this, regardless of the fact that in the year to be forgiven, 1941, 1942, or 1943, salaries and wages were the highest and other income the greatest in the history of our country.

Last year the Committee on Ways and Means spent almost half of its time on the biggest tax bill ever enacted by Congress. This bill, estimated to produce additional net revenue of about \$8,000,000,000, set an all-time precedent in revenue legislation. While the bill now before us deals with methods of collection and is not a revenue-raising measure, we must keep in mind the effect it will have on future revenue bills. If we should adopt the Ruml-Carlson plan and forgive 10 billions of taxes already due on income already received and enjoyed, I would not know when or where to start to raise the additional 16 billions of tax revenue which we have been asked to provide, nor would I have the heart to undertake such a task. It is agreed by all who have studied this problem that it is desirable to collect from current incomes a substantial portion of the current tax liability. From a careful study of the subject of collecting taxes currently, it became apparent that it is impossible, even in the case of persons of fairly fixed incomes, such as salaries and wages, to evolve or work out a fully current tax-collection system. The income picture at the beginning of the year is no reliable criterion for the entire year. Moreover, incomes are not stable—in more than two-thirds of the cases they fluctuate substantially, not only from year to year, but within the taxable year itself.

Our committee bill has been described as a monstrosity by the highly esteemed and able leader of the minority, the gentleman from Massachusetts [Mr. MARTIN]. He is entitled to his opinion. However, I am surprised that without having heard the evidence and data which was available to his capable and distinguished colleagues, the minority

members of the Committee on Ways and Means, which I doubt if he had time to read, he should step out ahead of them in criticism of the committee's efforts.

Webster defines a monstrosity as anything unnaturally huge or distorted—out of the common course of nature—unnatural in form or structure. If the gentleman from Massachusetts will read this definition and then re-examine the Ruml-Carlson plan, I am sure he can find a more appropriate use for the word "monstrosity" than to apply it to our committee bill. It is an old practice when one has no facts to support his position to resort to high-sounding phrases, invectives, or grandiloquent platitudes.

If he still insists on his designation, I must call to his attention the fact that the minority members of our Committee on Ways and Means, as a group, were not in opposition to a single phase of this bill. As a group, they acquiesced in every provision it contains as shown by the minority report. Our only point of issue was that the bill did not go further and cancel 1 year's tax liabilities. Thus, the sole distinction between the committee bill and the bill presented by the gentleman from Kansas is that of tax forgiveness. Any objection which can be directed against the committee bill, except for the question of tax forgiveness, can be made with equal force against the Carlson bill. Any question which any Member wishes to ask may be directed as well to the gentleman from Kansas as to me, since the bills are identical except for the tax forgiveness feature. Our bill a monstrosity? Then the Carlson bill is a super super super monstrosity, because this is his third attempt and each attempt approaches nearer and nearer to our committee bill. Maybe, if we give him one more chance, his bill will be identical with ours. And may I inquire why an economic and moral issue such as that presented by the Ruml plan or the committee bill should be viewed by the gentleman from Massachusetts and his colleagues of the minority as a partisan issue?

In previous considerations of tax bills, as far as I recall, never has a partisan issue been raised. But for some reason, I do not know why, partisanship and partisan questions have been brought into the consideration of this bill. I think we should consider this bill entirely separate and apart from hope of political reward or fear of political punishment.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. RANKIN. During the Sixty-seventh Congress this same row arose between the Mellon plan advocated by Mr. Mellon, who was Secretary of the Treasury at that time, and the Garner plan. The Mellon plan took care of the big taxpayers; the Garner plan took care of the small ones. Although Mr. Mellon's party was in the majority by 169 in the House and 23 in the Senate, if you will search the records you will find that the

Garner plan won, and the American people backed it up.

Mr. DOUGHTON. I will now give a brief explanation of the bill under consideration. The plan contained in the bill under consideration is not a novel one, nor is it unusual or experimental in any sense. The Congress has the duty and obligation to raise as much revenue as the economy of our country can reasonably bear. I feel that this is no time to experiment with will-o'-the-wisp or chimerical methods, which are conceived and brought forth for selfish or political reasons rather than patriotic motives. In my opinion, if the selfish and political considerations were eliminated from the Ruml or Carlson plan it would never get to bat, much less to first base. Our bill does not force persons to become current, but encourages them to do so and goes as far as practicable toward this end without doing injustice either to the Government, the taxpayer, or both. Theirs does injustice to both. We have tried to steer clear of a bill that will do injustice either to the taxpayer or the Government. I am willing to leave it to the fair judgment of the membership of this House whether we have succeeded.

A taxpayer who pays his tax for 1942 is entitled, under the bill, to the following discounts on amounts paid toward his 1943 tax in 1943. If he makes such payments on or before June 15, 1943, his discount is 6 percent. If on or before September 15, 1943, 4 percent; and if on or before December 15, 1943, 2 percent. If he is subject to withholding, he is entitled to a discount of 3 percent on the amounts withheld during 1943, which is applied against his 1943 tax. This, of course, is simply a method of averaging in his case the discounts allowed in the quarterly payment case previously described, and to give him benefits comparable to those enjoyed by persons to whom withholding is not applicable. For 1944 and subsequent years, somewhat the same system is provided, but with reduced percentages. The small taxpayers whose taxes are withheld at the source get this discount on amounts withheld and applied to their current taxes. So it cannot be truthfully said that only the rich get the benefit of these discounts.

These discounts do bestow equal benefits since in order to get the higher discounts the entire payment must be made prior to June 15, while the individual subject to withholding gets his discount based upon his entire tax liability, although the amounts withheld are deducted as the income is earned throughout the year. Thus, in the case of the person completely prepaying his tax, the Government has the use of a greater amount of money for a longer time than it does in the case of withholding. This system is of mutual benefit to both the taxpayer and the Government by allowing the taxpayer a reasonable interest for the use of his money and by giving the Government the use of the money in advance of its due date. There is nothing novel or experimental about this step. A discount was allowed for taxes paid in advance under the War Revenue

Act of 1917, when we were in somewhat the same position that we are in today.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CRAWFORD. Mr. Leo Crowley, head of the Federal Deposit Insurance Corporation, and his experts were before our committee this morning and pointed out that all over this country the small merchants and the large merchants are liquidating their inventories and getting into a cash position as never before in the history of their business. Those people can take advantage of this discount privilege as they never could do before. I cannot think of any class or group that will be helped to a greater degree than the small merchants of this country under this discount privilege.

Mr. DOUGHTON. I thank the gentleman for his very appropriate contribution to this discussion. Income tax is based on a progressive basis and it is supposed to be on the basis of ability to pay. It may be as difficult for the large taxpayer to pay his taxes promptly, because the tax is large, as it would be for one paying a small tax, to pay currently. So we endeavored as best we could to place it on the same discount basis, and I believe we have succeeded in that respect.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. VOORHIS of California. Is there not a continuing provision for discounts in the committee bill for future years?

Mr. DOUGHTON. A discount is provided for later years, but it is at a lower rate. This bill constitutes the extent to which the Committee on Ways and Means, after careful study, feels that we should go at this time toward a current basis of individual income-tax accounting. The discount provisions were discussed at length, and full consideration was given to every aspect of the adjustment provision. I believe we have worked it out as fairly and equitably as was possible.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I am pleased to yield to my distinguished friend from Tennessee.

Mr. COOPER. I am sure our distinguished chairman will recall that there appeared to be no difference of opinion as to these discount provisions, and as the gentleman has very properly pointed out, for the calendar year 1943, this present year, half of the year will be gone before the withholding provisions can take effect. We thought special provisions for discount should be made for this year. Hereafter, for 1944 and all subsequent years, the rate of discount, as the gentleman has pointed out, is 4, 3, 2, 1.

Mr. DOUGHTON. In the case of persons completely paying their tax the Government has the use of a greater amount of money for a longer period of time; in other words, if he pays his 1943 tax in June 1943 the Government has the use of that money for 9 months ahead of the due date, March 15, 1944. The

first payment on his taxes would not be due until next March under the present law, the second one in June, the third one in September, and the fourth in December, but if he pays up all in June this year the Government, of course, has the use of the money and any taxpayer like any individual, if he pays his tax or he pays his debts before the due date, is entitled to interest on the money or a reasonable discount. The Government has to borrow just that much less money. I insist, therefore, that the discount provisions of this bill are not subject to any just, fair, or reasonable criticism. The system is of mutual benefit to both the taxpayer and the Government alike. I call particular attention to this. By allowing the taxpayer a reasonable interest for the use of his money and by giving the Government the use of the money in advance of its due date, both profit by it.

This bill provides for withholding at the source, not an additional tax but a withholding of the present tax. This bill does not impose any new tax as the country has been led to believe. This is not an added tax but is simply a method of collecting existing taxes.

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. DISNEY. While the gentleman is on that subject it seems to me this is the proper place to assure those Members who might be under misapprehension, that there is no doubling up under the committee bill.

Mr. DOUGHTON. Oh, no; and of course it is evident that it is not subject to any criticism either on the ground of doubling up or of forgiveness. No one is forced to double up his tax payments. That is one reason for the kind of showing that was made by the Gallup poll, one reason it was so one-sided. The country had been led to believe that if they did not get the Ruml plan they would have to pay 2 years' taxes in 1 year when there never has been such a proposal. Had they wanted to be fair they might have asked: "Do you believe in paying only 1 year's taxes out of 2 years' income?" That would be a fair way to propound the question: "Do you believe in skipping an entire year?" They did not ask it that way. Instead they asked: "Do you believe in the Ruml plan?" And the country had been led to believe that if they did not get the Ruml plan they would be compelled to pay 2 years' taxes out of 1 year's income. I repeat and emphasize that there has been no proposal to collect 2 years' taxes out of 1 year's income. I challenge anyone to deny it. The effect of the Ruml plan is to pay 1 year's tax out of 2 years' income. At a time when the country is in the most desperate need of money in its history should war profiteers escape 1 year's tax? How absurd, how ridiculous, and how preposterous, and how unbelievable, how unthinkable is such a chimerical, unheard-of, one-sided proposition.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the distinguished gentleman from Mississippi.



Mr. RANKIN. I wish to correct the statement I made a while ago about the contest between the Mellon plan and the Garner plan. Instead of being in the Sixty-seventh Congress it was in the Sixty-eighth Congress and the party in power did not have the vast majority I said they had. We had had a revival of righteousness throughout the country and the parties were pretty evenly divided.

Mr. DOUGHTON. I thank the gentleman. Now, I shall discuss the withholding provisions.

The bill provides for the withholding of tax at the source, beginning July 1, 1943. This is not an added tax but is simply a method for collecting existing taxes. For those taxpayers subject only to the Victory tax, a 3 percent withholding rate is provided. The reduction of the rate from 5 percent to 3 percent will eliminate many refunds and adjustments. Taxpayers liable for both income tax and Victory tax will be withheld on at the rate of 20 percent, of which 3 percent will cover the Victory tax and 17 percent will apply to the general income tax. The 3-percent rate applies to all wages and salaries above \$624, and the 17-percent rate is limited to wages and salaries above the regular income-tax exemptions and credits, plus 10 percent of the amount of such exemptions and credits. This 10 percent is designed to allow for normal deductions. Here I shall point out that the employer will not be required to make separate computations for the Victory tax and the regular income tax. The amount to be withheld under both the Victory tax and regular income tax will be combined in a single amount to be deducted from each wage payment if the employer elects to use the wage band tables provided in the bill. In the case of taxpayers subject only to the income tax, that is, single persons whose wages and salaries are between \$552 and \$624 per year, withholding is required at the rate of 17 percent.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Montana.

Mr. O'CONNOR. Does this withholding tax of 20 percent apply on the 1942 or 1943 taxes?

Mr. DOUGHTON. On the 1943 tax if his 1942 tax has already been paid. We do not give any discount on the tax already due. If a man owes you a note which is due, you would not give him any discount, but if he owed you a note that was due in 12 months without interest and he was willing to make payment, or to pay it, you would give him a discount in all probability to get your money.

Mr. COOPER. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER. I feel sure the distinguished chairman of the Committee on Ways and Means did not fully catch the import of the question asked by the gentleman from Montana. The 20 percent withholding is not a tax at all. It is not a tax at all.

Mr. O'CONNOR. I understand that.

Mr. COOPER. In fact, there is not any tax levied under this bill. The 20 percent withheld is simply a method of paying taxes already levied by other tax legislation.

Mr. DOUGHTON. I understood the gentleman to inquire about the discount.

Mr. O'CONNOR. No.

Mr. DOUGHTON. And if the discount applied to 1943.

Mr. O'CONNOR. I am trying to find out whether the withholding of the 20 percent is to be applied on the 1942 or the 1943 tax.

Mr. DOUGHTON. On the 1942 tax until it is paid, and then on the 1943.

Mr. O'CONNOR. Then, as I understand it, the 20 percent withholding tax is simply a method of collection and not an added tax?

Mr. DOUGHTON. That is true.

Mr. GIFFORD. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. As a farmer do you withhold 20 percent from your employees?

Mr. DOUGHTON. No. I will get to that directly. He is exempt since he is employed in agriculture.

Mr. GIFFORD. You pay him wages.

Mr. DOUGHTON. This applies to salaries and wages.

Mr. GIFFORD. But you pay him wages.

One more point. You say we withhold this 20 percent merely to pay the 1942 taxes. You say you will give a discount to those who pay the 1942 taxes. When are you going to collect the 1943 taxes from those who do not discount?

Mr. DOUGHTON. I do not get the gentleman's question.

Mr. COOPER. The 1943 tax liability is not discounted when collected on March 15, 1944.

Mr. GIFFORD. Oh, you will be 1 year behind all the time?

Mr. COOPER. We continue the present system unless a man wants to get current.

Mr. GIFFORD. He will be 2 years behind.

Mr. COOPER. He has had 2 years' income.

Mr. DOUGHTON. No; he does not have 2 years' taxes. Something does not hang over a man when it is not yet due. He can let it go until it is due. If you had one note due in January 1942 and another one due in 1943, you do not prepare for payment of both of them in 1942. We have just as many taxes as we have years' income, no more and no less, under our bill. Does the gentleman favor an income tax for each year's income?

Mr. GIFFORD. I will tell the gentleman what I favor. I favor the old method. There is no choice between these two rotten apples.

Mr. DOUGHTON. We are a good deal nearer that than the substitute bill.

Mr. GIFFORD. I would be enthusiastic for the Ruml plan compared to this, with a 2-year hang-over.

Mr. DOUGHTON. There is no 2-year hang-over; but with all due deference to the gentleman, I cannot convince him.

Mr. GIFFORD. No; you cannot convince me.

Mr. DOUGHTON. There is no 2-year hangover, as I have already told the distinguished gentleman.

Mr. COOPER. Let me say to the distinguished gentleman from Massachusetts this committee bill simply gives the taxpayer the option. He may take advantage of this discount and pay it and become current if he wants to. If he does not want to, he may continue under the present system.

Mr. GIFFORD. I may want to. I would want to awfully, but I could not do it.

Mr. COOPER. You can do it.

Mr. GIFFORD. I have not the money.

Mr. COOPER. It is purely optional with you.

Mr. GIFFORD. Everybody would want to. This is a wealthy man's bill.

Mr. COOPER. You are entirely wrong about that.

Mr. DONDERO. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Michigan.

Mr. DONDERO. I think the impression has gone out to the country that if this bill becomes law there shall be a withholding tax of 20 percent due on July 1, and, in addition to that, the taxpayer is expected to pay his entire 1942 taxes. The explanations thus far made seem to dispute that.

Mr. DOUGHTON. Many people have supported the Ruml plan because through such misrepresentation they have misunderstood it. If my good friend will read the committee bill, then read the report, he will understand. It has been represented that under the committee bill the taxpayer will have to pay 2 years' taxes in 1 and that misrepresentation has gone out all over the country. Our committee bill does not force any doubling up of tax payments.

Mr. DONDERO. It is a wrong impression?

Mr. DOUGHTON. Of course it is. There have been so many erroneous impressions.

Mr. GIFFORD. If you have paid your 1942 taxes, after July 1 the subtraction or withholding would pay the 1943 taxes, would it not?

Mr. DOUGHTON. It would be applied on 1943 liabilities if the 1942 liabilities have been discharged.

Mr. GIFFORD. If you have already paid them?

Mr. DOUGHTON. If you have already paid them, certainly.

Mr. GIFFORD. But if you have not already paid the 1942, the withholding tax in July would pay the 1942 first?

Mr. DOUGHTON. The remainder of 1942, yes.

Mr. GIFFORD. But the two taxes are involved there. You are trying to get people to pay two in one, if you only could get them to do it voluntarily.

Mr. DOUGHTON. No. Our bill does not require double payments. Taxpayers may prepay if they desire, but they

are not forced to pay the tax until the regular due date.

Mr. GIFFORD. I know, but you are trying to offer them a discount to do it, and only the rich could pay it.

Mr. DOUGHTON. Those who could not pay it would not be hurt. If they are in position to pay they will get the discount, but those who do not prepay and therefore do not get a discount are not injured.

Mr. GIFFORD. But the purpose is to try to get on a pay-as-you-go basis.

Mr. DOUGHTON. Of course you know that is impossible; it is impossible, and Mr. Ruml himself admitted that a completely current system of paying taxes is impossible.

Mr. GIFFORD. I agree that it is impossible.

Mr. DOUGHTON. It is impossible to get on a completely current system of paying taxes, but we are going as far as we can. We cannot do the impossible and should not do the unreasonable.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from New York.

Mr. BARRY. Under this plan, at the end of the war, if the people do not take advantage of paying in advance or take advantage of the discount, they will still owe a year's taxes, will be behind a year.

Mr. DOUGHTON. Of course, if they have not paid their taxes.

Mr. BARRY. Yes.

Mr. DOUGHTON. Suppose I owe you a debt. If I owe that debt when the war closes, would you say that the debt is paid?

Mr. BARRY. Let us say there are people at the close of the war who will not be able to pay their taxes.

Mr. DOUGHTON. How do you know they will not be able to pay? We can cross that bridge when we come to it; let us cross that bridge when the war ends and we find out that there are people in that situation. Then we can provide for them, but let us not throw away tax money now, when people are in position to pay their taxes.

Mr. BARRY. Then you are favoring one group as against another.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER. Certainly, if the situation should develop as stated by the gentleman from New York, then would be the time to consider forgiving taxes and not now when the national income is the highest in our history.

Mr. DOUGHTON. Let us not forgive the taxpayer who is able now to pay the tax because, perchance, at some future time he might not be able to pay his tax.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I do not yield for a speech.

Mr. BARRY. The Ruml plan treats everybody alike, but at the end of the war if you legislate for those who have not made provision, then you are favoring a group.

Mr. DOUGHTON. I have given the gentleman an explanation; if he cannot

understand it I am sorry, but I have tried.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Michigan.

Mr. CRAWFORD. May I follow up the thought expressed by the gentleman from Tennessee [Mr. COOPER] with official figures placed in my hands only this morning by Government agencies showing accumulated savings of individuals at the end of this year, as of December 31, 1942, that is, just a few days ago. This is savings of individuals I am talking about:

Currency at their command, \$13,000,000,000; demand deposits, \$27,600,000,000; time deposits, \$26,600,000,000; current, in the savings and loan associations, \$5,000,000,000; insurance that they could call on and obtain from the insurance companies if they desired to do so, \$33,000,000,000; that which they can get from the Government any time they want to turn in bonds, which represents savings with which to meet an emergency, \$12,400,000,000.

That is a total of \$117,600,000,000 in paying power which some 75,000,000 of our people have at this particular moment with which to pay their \$10,000,000,000 of 1942 taxes if they desire to become current.

The savings since January 1 of this year up to March 15, after paying their March 15 Federal tax liability, in liquid funds alone amount to \$5,000,000,000, and yet we talk about the people not having the money with which to pay their taxes.

Mr. DOUGHTON. I thank the gentleman from Michigan for his contribution.

There never has been a time when our people were as able to pay their taxes as they are today, and there never has been a time when the Government needed the money as badly as at present.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DOUGHTON. Mr. Chairman, I yield myself 30 additional minutes.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed even if he exceeds the hour allowed in the Committee of the Whole.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DOUGHTON. In my opinion, Mr. Chairman, our position would not have been so difficult if it were not for the erroneous impression that has gone out, the misleading information, the information that taxpayers would not be required to make a return, that they would be forgiven the 1942 taxes. The advocates of the Ruml plan are responsible for the impression which has gotten abroad that the 1942 taxes would not have to be paid, that they would be forgiven or canceled, and a great many people are now under this misapprehension. That is where the difficulty arose. We had to go on the air and on the screen, we had to make speeches, to make it clear that everybody would have to make a tax return. Of course they

said, "Why? If we are not going to be required to pay our 1942 taxes, if they are going to be forgiven, then why should we report our 1942 taxes?"

A false impression was given to the people through the Ruml propaganda. Believing that they would not have to pay the 1942 taxes, they could very consistently say, "If I am not going to have to pay them, why should I report them, or why should I make a total payment or partial payment on my tax? I expect that it will be forgiven and I am not going to pay." Of course, that was very popular with many people. The majority of the people of this country, however, want to pay their taxes, but have simply been misled by advocates of the Ruml plan into believing they will have to pay 2 years' taxes in 1 year if the Ruml plan is not adopted, which never has been proposed.

If you would take a Gallup poll on the question of whether or not the people believe in skipping an entire year's taxes, or paying 1 year's taxes on 2 years' income, we all know the answer would have been entirely different.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Mississippi.

Mr. RANKIN. I called the attention of the gentleman from North Carolina the other day to the fact that I have introduced a bill (H. R. 1927) to reach the vast estates that have been placed in trust for the purpose of evading inheritance and income taxes, such as the Marshall Field estate, through which Marshall Field 3d will come into possession of approximately \$200,000,000 in September, and a large number of other estates that are escaping income and inheritance taxes. May I ask the distinguished gentleman from North Carolina if such a measure would be in order as an amendment on this bill?

Mr. DOUGHTON. I am not a parliamentarian, but I do not think it would be in order on this bill. I may say to my distinguished friend that in my judgment that is a situation that should be examined. Our committee will give that matter consideration at the first opportunity, when we have before us a revenue bill to which that amendment will be in order.

I understand. The gentleman is making a very timely contribution to the discussion. Evidently, in my judgment, there is a loophole that ought to be closed, but I do not think we can do it in this bill.

Mr. RANKIN. I thank the gentleman from North Carolina for making the attempt.

Mr. DOUGHTON. The withholding provisions apply only to wages and salaries. Moreover, there is exempted from the withholding requirements, compensation for the following types of services: First, military service—other than pensions and retired pay; second, agricultural labor; third, domestic service; fourth, casual labor; fifth, the services of ministers of the gospel; and several less important categories such as certain nonresident aliens, employees of foreign governments, and citizens of the United



States performing services outside of the United States in certain cases.

We have tried to put the employer, in his discharge of the duties of withholding, to as little inconvenience as possible. He is under no obligation to investigate the status of his employee, but may base the withholding upon information furnished him by the employee. This will be done through a withholding exemption certificate on a form prescribed by the Secretary of the Treasury. By reference to the bill, on pages 10 to 34, inclusive, you will note that there is provided a number of wage band tables setting out every possible status of personal exemptions and dependents for all types of pay-roll periods. Thus, the withholding in any case can readily be ascertained by reference to the tables in the bill itself. This bill constitutes the extent to which your Committee on Ways and Means, after careful study, feel that we should go at this time toward a current basis of individual income-tax accounting.

Never has our committee worked under more difficult conditions. This whole issue has been prejudged and misrepresented by many, but not all, newspapers, columnists, and news commentators, regardless of the true facts. In such an atmosphere of misrepresentation and misunderstanding, the difficulties of our task have been greatly accentuated. In dealing with this most difficult question of war taxation, there arose a prophet who proposed and proclaimed a novel cure or panacea for our present tax ailments. There have been many profound and lifetime tax students who have been unable to discover this particular panacea as a solution of our tax troubles. This panacea seemed reserved by destiny to be conceived and brought forth by one Beardsley Ruml, high priest of the House of Macy.

The distinguished Secretaries of the Treasury of the past, from the beginning of the income tax, like Mr. McAdoo, Carter Glass, and Andrew Mellon, of whom it was said by some, was the greatest Secretary of the Treasury since Alexander Hamilton, Ogden Mills, our former colleague on the committee and one of the ablest men with whom I have ever served, and the present able Secretary of the Treasury, the Honorable Henry Morgenthau, who is carrying perhaps the heaviest economic and fiscal burden any man ever had—none of these, in a lifetime spent in the profound study of tax problems, could work out and solve this matter as has been done by Beardsley Ruml. None of the various chairmen of the Committee on Finance in the Senate, since the time when we first began to tax incomes—Simmons, Harrison, McCumber, and all of the other distinguished chairmen of that great committee. Neither Ceren Payne, nor Claude Kitchin, nor Oscar Underwood, nor Fordney, nor Charley Crisp, acting chairman under Collier, nor Hawley, nor Green, outstanding chairmen of the Committee on Ways and Means, were wise enough to discover this panacea. Mr. Ruml never came before our committee and offered advice when

we were struggling to raise \$3,000,000,000 of additional revenue in 1942. He did go to the Senate and try to sell his goods there, and they decided they were counterfeit, rather than genuine, and by an overwhelming majority vote of the committee of which Senator GEORGE is chairman they repudiated his proposition.

If there ever was a counterfeit proposition brought before the American people, in my opinion, this is it.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COX. I simply rise to commend my friend, whom I consider to be just as good, just as serious, and just as devoted to the public interest as was the Elder Cato, for insisting at this time of our country's peril, we must rise above partisan politics, if we are to serve our country well, and not be entrapped into a position that is false to ourselves and our country, by enacting a Utopian plan brought in here and expected to be used as a platform for some political campaign, at some time in the future.

Mr. DOUGHTON. What I shall have to say concerning the Ruml-Carlson plan, sponsored, embraced, and wet nursed by my distinguished friend and colleague, the gentleman from Kansas, is in no sense a reflection on the honesty and sincerity of any of my colleagues, for whom I have the greatest admiration, respect, and friendship. But I vigorously challenge and take issue with what I consider the unsoundness of their position. In the light of my understanding of the plan and the effects which the forgiveness of a year's taxes would have both upon the Government and upon the taxpayers, I am convinced that the adoption of such a plan is immoral and unsound at any time, and especially so at this time when our Government is in such desperate need of revenue.

It has been impossible to keep up with the many modifications of the Ruml plan and the many editions of the Carlson bill. As soon as the light was turned on one plan or bill, its sponsors or authors abandoned a part of it and substituted some new complexity which our committee had no opportunity to examine or discuss. If all of the complexities, convolutions, adornments and window dressing are stripped from the present edition of the Carlson bill, the following inescapable inequities are still present:

First. For those making less than \$20,000 a year, their tax for 1942 is completely forgiven. I wonder if this provision will bear some special appeal to Members of this body whose compensation, as you well know, is safely under this figure.

Second. An amount equivalent to the entire tax liability for one year, 1941, 1942, or 1943, of every individual taxpayer is forgiven in spite of these years being swollen war income years, the greatest in our Nation's history.

The windfall provisions of Mr. Carlson's bill do not to any substantial degree cure the fundamental fault in the Ruml plan. As a matter of fact, the addition of new windfall provisions to each new

edition of the bill of the gentleman from Kansas [Mr. CARLSON] and the gentleman from New York, Mr. Ruml, have not eliminated or appreciably diminished the one great windfall that must result from the forgiveness of a year's tax liability. They simply accentuate the inescapable fact that the only solution to their problem is through no tax forgiveness at all. Their efforts in this respect clearly demonstrate that they are fully conscious of the inherent windfall evil in such a plan.

In my opinion, the Ruml plan is nothing but tax heresy. It is to sound tax policy what infidelity is to true Bible religion. It would bankrupt any business concern. No nation, state, or other taxing jurisdiction has ever adopted such a system. In fact, Mr. Ruml has been unable to induce his own State of New York to give his plan a try-out. Last year, after a full hearing, the Senate Finance Committee turned him down by an overwhelming majority. The nearest parallel in any other country is the proposal now being considered in Canada. The Canadian proposal, even if it should be adopted, which it has not been, as erroneously claimed in the minority report, and may never be, is in no way analogous to complete forgiveness or to the Carlson bill.

The greatest benefits of the Ruml-Carlson plan would go to those who are ablest to pay. The very wealthy would derive a windfall equal to 5 or 6 years' income after taxes, completely without justification or excuse. The taxpayers with million-dollar incomes during the war years would each pocket a gift from their Government of at least \$850,000. This step seems especially incongruous just as we are asked to produce additional tax revenue of about \$16,000,000 annually.

While wealthy taxpayers would derive enormous benefits from the forgiveness of a year's tax liabilities, the benefits of those in the very lowest brackets would be not only completely eliminated but more than offset by the added burden they would have to bear in increased taxes for future years. All of these benefits must be made up at some time; consequently, those having no incomes in 1942, those receiving no benefits whatsoever from the forgiveness, including the members of our armed forces, will have to make up in future years the increase necessary to offset the advantages which the wealthier taxpayers would now gain.

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. LYNCH. Has any reason been advanced for the forgiveness of the taxes of these people who are able to pay the 1942 taxes?

Mr. DOUGHTON. Of course, to those who want to believe, the shadow of a reason is convincing. When you get down to the cold facts, I do not see any reason. I may be stupid, I may be difficult of understanding, but I can see no reason at any time why the taxpayer should not pay his legitimate taxes on income he has received and enjoyed.

In a time when we are threatened with world disaster, when we should be making sacrifices, some are trying to conjure up some way by which to avoid paying taxes when people should more than ever be willing to pay their taxes.

They say that through forgiveness the Government will make money. If it will make money by forgiving 1 year's taxes, why not make more by forgiving 2 years' taxes, and if we keep on forgiving taxes, we finally would not have to pay any taxes at all. That is the logic of their position. That is the way they say you can make money by forgiving 1 year's taxes.

Beyond serious question, the forgiveness of 1942 tax liabilities will result in a loss to the Government of almost \$10,000,000,000. The loss may not be felt in 1943. In fact, it probably would not be reflected to any great extent in our tax collection so long as the income for each succeeding year exceeds or equals that for the previous year. But the loss is there all the same, and its impact is only delayed or postponed until the year of declining incomes, when it will strike with full force against our revenues and against a different set of taxpayers.

There will be new taxpayers. Many who are forgiven taxes this year will not be taxpayers in future years. These taxes, if forgiven now, will have to be made up from future taxpayers and out of future income.

Suppose I should retire at the end of my present term, which I may do, then when would I ever pay my 1942 taxes, which I owe and which I should pay and want to pay and intend to pay, and most of which I have paid? Why should I get out of this just obligation and impose the burden on some future taxpayer who may not be half as able to pay his taxes as I am?

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. DISNEY. Is it not likely that when these bad years come that hundreds of thousands or millions of these new taxpayers to whom you referred a little while ago will be veterans who are now in the field fighting battles for us?

Mr. DOUGHTON. Yes; I will come to that a little later. No; I will refer to it now also, for it will bear repeating.

If we who are at home do not pay every dollar of tax we owe and our Government needs, what justification can we give to the returning soldier for asking him to make up a part of the bonus we have voted ourselves. Such hypocrisy, such patriotism, such tax economy, my friend, staggers my very imagination—that we will neither fight nor pay, yet say that they must both fight and pay. That would be the result of this substitute tax proposal.

But the advocates of the Ruml plan say that here is the very point at which the virtues of cancellation come to the front. Here, they say, the advantages of being on a more nearly current basis are fully demonstrated. The advantages to whom? To the million-dollar-a-year income individual who has pocketed the \$854,000 of tax forgiven for 1941 or 1942—to the taxpayer with the swollen war in-

come of \$500,000 in each of the years 1941 and 1942, who ordinarily makes only \$100,000 and who has had his wealth increased by the \$414,000 of 1942 taxes which would be canceled. Here is more money than he would make in 4 normal years before taxes and more than he would have left after taxes in more than 11 years of normal business activity.

They will then say, "But these cases are not the average ones." And ask, "Are the mass of our taxpayers to be denied the benefits of the Ruml-Carlson plan simply because the wealthier taxpayers reap an outrageous and completely unjustifiable windfall?" I ask, "What benefits, and to whom do they accrue?" A half, or more, of our taxpayers are enjoying substantially increased incomes during the war. Their ability to pay will never be greater. Compare our own cases with fixed incomes of around \$10,000 with that of an individual who before the war earned about \$10,000 a year also. Now he is making \$25,000. If 1942 liabilities are forgiven we save about \$2,100, he pockets almost \$10,000, the amount of our entire salary before taxes. Thus, in the period of 4 swollen war-income years, he realizes \$100,000 of income out of which he pays only \$28,000 in taxes instead of the \$37,000 he should pay. The \$10,000 saved by this individual is equal to his entire income before taxes for a normal year and equals 1½ year's income after taxes for a normal year. Thus, the man with the fixed income receives a benefit equivalent to his income for about 2 months while the individual making unusual profits during the war receives enormously greater benefits in proportion.

I trust that I am not misunderstood in this connection. I am not drawing a distinction measured solely by the size of various incomes alone. What I am trying to drive home is the simple fact that the Ruml-Carlson plan not only favors the wealthier taxpayers as compared with their less fortunate brethren, but that it discriminates sharply against the fixed income individual while tossing into the lap of the person enjoying a swollen wartime income a golden harvest which unjustly enriches him at the expense of his Government, his fellow taxpayers, or both. All of the sophistry that Satan can invent cannot obscure this simple fact.

Moreover, let me point out to those of you who have raised your voices in protest against unnecessary expenditures and governmental extravagance the forgiveness of a year's tax liabilities presents the ultimate in extravagance. If you can vote to present yourselves and our war profiteers this golden windfall—if you can support the cancellation of ten billions of our Government's accounts receivable, especially at a time when our Treasury is in desperate need of revenue—if you can justify or condone this action, you are forever foreclosed and barred, in my opinion, from voicing further criticism of extravagant spending.

Our people have been deceived and misled into the false belief that if the Ruml plan is not adopted they would be

compelled to pay 2 years' taxes in 1 year. Many of them believe that the adoption of the Ruml plan would relieve them from paying any taxes in 1943. Both of these beliefs are entirely without foundation. The compulsory doubling up or forgiveness of taxes is neither the object nor result of our committee's bill. We all realize that it is impossible to collect 2 years' taxes in 1 year without unduly burdening the taxpayer. The Ruml-Carlson bill, however, goes to the other extreme. It collects only 1 year's tax out of 2 years' income. Our soldiers are not requesting forgiveness of a year's duty. In fact, many of them are called upon to give an entire lifetime in one moment of duty. Is this any time to forgive a year's tax liability?

It is argued that taxpayers should be made fully current in their tax payments—that they should discharge completely their current liabilities out of their income as it is earned. It has been fully demonstrated, and even stated by Mr. Ruml himself, that this is an impossibility. While there is considerable merit to the argument that they should approach as closely as practicable to this desirable goal, it can be and is being overdone. Millions of our taxpayers will find it impossible to make even an approximation of their year's income in advance. Consider the case of the farmer, the merchant, the lawyer, the doctor, the businessman, or any other self-employed individual. Their incomes fluctuate widely from year to year. Many of them are engaged in seasonable businesses entirely dependent upon unpredictable factors. The farmer's income cannot be measured until his harvest. Until that time he has nothing but expenses. Shall we add to those expenses an additional one for taxes based upon an hypothesis which intervening market declines, droughts, or floods may destroy? No legislation can do better than to make an approach to pay as you go for such persons. The committee bill encourages this step to the extent that each taxpayer deems desirable in his particular case by letting such taxpayer handle his own money and budget himself to meet his tax obligations if and when they are realized. Shall we force him, as does the Carlson-Ruml bill, to prepay taxes he may never owe upon income he may never receive?

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent to proceed for an additional 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

Mr. DISNEY. I must call the gentleman's attention to the fact that Dr. Gallup in his poll seems to convey the idea that the farmer is just on fire for the current plan of taxation. There must be something seriously wrong with the gentleman's argument because Dr. Gallup says that the farmer has got to have it.

Mr. DOUGHTON. I have not had a letter from a single farmer, and I represent an agricultural district.



Mr. DISNEY. Nor have I.

Mr. DOUGHTON. I have not had a letter from a farmer favoring the Ruml plan and I have not had a letter from a single soldier, for both of whom tears are shed in the minority report. The farmer wants to pay his taxes when he receives his crop money. When he receives an income he will pay his taxes. He may never owe a tax, and to offer a plan which provides that he shall pay a tax out of an income he has not received is the most unreasonable, asinine, absurd, contrary, ridiculous proposition that has ever been proposed to an intelligent people.

Mr. BARRY. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from New York.

Mr. BARRY. Does not the gentleman recall that in pre-Pearl Harbor days time and again the administration used Dr. Gallup's poll to justify their position?

Mr. DOUGHTON. What is that?

Mr. BARRY. Does not the gentleman remember the pre-Pearl Harbor days when time and time again Dr. Gallup's polls were used to justify the administration position?

Mr. DOUGHTON. Satan can repeat the Scripture to prove his argument. You can take the Gallup polls and prove anything you want. I do not know, but many people believe it has gotten to be a racket. I heard a man say the other day, and he is a Member of Congress, that he was approached by somebody out on the street who asked him, "How do you stand on taxes? Are you for the Ruml plan or the other?" He said, "What is the Ruml plan?" The man said, "The Ruml plan forgives taxes." "Of course," he replied, "I do not want to pay any taxes; I am for the Ruml plan." That is the kind of canvassing the Gallup poll does. It is not a criterion, it is not correct, and it does not reflect the sentiments of the people, because the question is not being put to them in a fair way. Let the Gallup poll or any other poll ask the people whether or not they believe in paying one tax out of 2 years' income and you will see what the answer is. Ask them whether they want to forgive an entire year's tax and you will see what the answer will be. You will find some who never want to pay a tax, but the honest, patriotic people want to pay their taxes and they will pay their taxes if given an opportunity.

Mr. HARE. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from South Carolina.

Mr. HARE. As I understand it, Dr. Gallup referred to the Ruml plan as the pay-as-you-go plan and not as the cancellation of taxes plan, is that correct?

Mr. DOUGHTON. Perhaps he did, but the impression has been prevalent that if the Ruml plan were not adopted the people would have to pay 2 years' taxes in 1, and then, of course, some people have been led to believe they would get out of paying any taxes in 1943 if the Ruml plan were adopted.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CRAWFORD. May I ask the chairman of the committee for the purpose of the Record and for future use if the chairman has received a letter from any farmer anywhere in the United States or any farm group specifically asking for the approval of a law which cancels taxes on 1942 incomes?

Mr. DOUGHTON. I have not, and never expect to.

Mr. CRAWFORD. Neither have I, not one.

Mr. DOUGHTON. The farmer does not want his taxes abated, if he owes any. But, at the same time, he does not want to pay taxes he does not owe on income he does not have and may never have. You cannot put him on a current basis and there is no use trying it.

Something was said to Mr. Ruml about making taxpayers current. Mr. Ruml was before our committee. The gentleman from Tennessee [Mr. COOPER] asked him about it. I quote:

Mr. COOPER. I do not mean to interrupt you, but is there any such thing as absolutely current income-tax payment?

That was the question propounded by the gentleman from Tennessee [Mr. COOPER], a distinguished member of our committee, to the great high priest and tax expert of the House of Macy, Ruml. This is what Mr. Ruml said—good authority on the minority side, but very poor authority over here on the majority side:

Mr. RUML. Only one, and it is absolutely impractical, and that is to collect every night.

Turn to page 200 of the hearings. You folks who talk about making taxpayers current, see there what the high priest himself says about making taxpayers current:

Collect every night—

Says Mr. Ruml.

Mr. COOPER. That is not practical, is it?

Mr. RUML. Quite right.

Mr. COOPER. And eliminating that which you say is not practical, there is no such thing as an absolutely current income-tax return for the people of this country, is there?

Mr. RUML. No. I think it is something like a fresh egg; there is no such thing as an absolutely fresh egg on the market, but there are all sorts of degrees of it.

There is no such thing as currency in paying taxes. Read that yourself. That is out of your own Bible, from your own witness. Out of the mouth of their own witnesses, the Rumlites, you are condemned. He admits himself that there is no such thing, yet we are called upon to forgive \$10,000,000,000 in taxes on profits already earned and on salaries already received, taxes which the Government desperately needs, and this is in order, as they say, to do something that the man who proposes it himself says cannot be done.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CASE. Does not the committee bill in an attempt to get people on a current basis offer a tremendous inducement that will be damaging to the war financing, when it proposes to give 6 percent for 9 months' payment in advance,

which, to my way of thinking, would encourage people to sell their War bonds that pay a small amount of interest in order to get that 6 percent?

Mr. DOUGHTON. No; to get that discount the payment must be made 9 to 18 months in advance.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COOPER. I submit to my good friend from South Dakota: Is it not better to forgive 6 percent to encourage taxpayers to become current than to give them 100 percent by forgiving the whole of it?

Mr. CASE. I do not think that the choice before the House ought to be either, and if you are going to put it on that basis, then certainly the committee is not in good form when it attacks the proposal of a substitute bill as inadequate, when you are proposing a plan that will cause people by the hundreds to sell their War bonds in order to take advantage of the discount.

Mr. DOUGHTON. But if people have War bonds to sell, and they want to pay their taxes, do you not think they have a right to sell the War bonds? I have bought War bonds, and if I want to have cash I have a right to sell my bonds. If one wants to sell his bonds to pay his taxes, it is all right, because the Government will have the money, and it will not have to pay any interest on it as it would if the money were in bonds.

Mr. CASE. It certainly gives advantage to the man of wealth.

Mr. DOUGHTON. Oh, no; it gives advantage also to the wage and the salary earner. We give the man equal chance. The large taxpayer may have as great difficulty in paying his large tax as the small taxpayer has in paying his tax.

Mr. CASE. It stands to reason that the man who has cash and has the mind to do it will take advantage of the discount.

Mr. DOUGHTON. But there is nothing sacred about the rate of discount. I do not mean any reflections by that on the gentleman from South Dakota. His question is a perfectly good question. There might be some discussion in our committee, but not along party lines, and that was the consensus of the majority of the members of the committee.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Oh, I cannot yield at this time.

Mr. GIFFORD. The gentleman has done a splendid job, and I congratulate him. Would it be fair to ask him, in summing up, for the gentleman to agree that in order to become current sometime, we would have to pay 2 years' taxes in 1?

Mr. DOUGHTON. Yes?

Mr. GIFFORD. Is that a fair summing up?

Mr. DOUGHTON. Is what?

Mr. GIFFORD. To become current along with this withholding tax, will the gentleman admit that in order to be current at sometime, some year, we will have to pay 2 years' taxes in 1?

Mr. DOUGHTON. Not necessarily. Suppose a man has already paid the bulk of his taxes, as many have.

Mr. GIFFORD. We will have to pay 2 in 1 year, and the withholding tax.

Mr. DOUGHTON. It depends upon the year.

Mr. GIFFORD. The gentleman wants to be fair about it. To become current, we must pay 2 years in 1, must we not?

Mr. DOUGHTON. Yes; but the bill does not force you to pay 2 years in 1, but if you want to become completely current you must sometime pay the back year's tax liability.

Mr. GIFFORD. Oh, you cannot get away from that, and the gentleman ought not to try to do it.

Mr. DOUGHTON. I am not trying to do it.

Mr. GIFFORD. Because the gentleman wants to be fair, and I know that he is fair.

Mr. DOUGHTON. Of course, you could pay it all in 1 year. In order to get current, does the gentleman want to forgive an entire year's taxes?

Mr. GIFFORD. Yes. If you forgive one \$10, I want you to forgive a man a million.

Mr. DOUGHTON. Oh, there is no difference between the gentleman and me.

Mr. GIFFORD. Do not forgive one unless you forgive the other.

Mr. DOUGHTON. Oh, the gentleman from Massachusetts is confused. He is one of the most distinguished and able men in the House. Of course, as the gentleman is aware, certain folks can be deceived, and the Ruml plan has deceived many of the really strong people of this country, I am sorry to say.

I want now to read one or two letters. Here is a letter from North Carolina:

ORGANIZED FAMILIES OF THE  
AMERICAN EXPEDITIONARY FORCES,  
March 20, 1943.

HON. JOSEPH W. MARTIN, JR.,  
House of Representatives,  
Washington, D. C.

DEAR SIR: Any form of forgiveness of any taxes would destroy American morale and would stab in the back our overseas men.

The American people are awakening to the realization that the Ruml plan is really a Rommel plan to sell the American people to the war profiteers. Nothing Hitler or his crafty deceptive generals could do would so effectively destroy American patriotism and democracy.

The Teapot Dome scandal, black markets, and other scandals would be tiny blots of disgrace on the pages of American history compared with the enactment of this Ruml plan of tax forgiveness. How can anyone worthy of living in America ask that their just taxes be forgiven when our men are dying? Is it possible that our American Congress would sell us out to the war profiteers and tax dodgers?

We cannot believe that you in Congress, the symbol of democracy and of our defense on the home front, would so betray us and our fighting men. Surely the courage of our forefathers will rise up in you and you will defeat this diabolical scheme of betrayal and destruction of American patriotism.

Very respectfully yours,

Mrs. PAUL CHEEK, Secretary.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman.

Mr. ROBSION of Kentucky. In the first place, that letter comes from the gentleman's own great State, and I received a copy. How many persons belong to that organization that is headed on that letter?

Mr. DOUGHTON. It is not a question of the number of persons—

Mr. ROBSION of Kentucky. No—

Mr. DOUGHTON. I do not want to argue with the gentleman. I do not want the gentleman to make a speech. I yielded for a question.

Mr. ROBSION of Kentucky. The gentleman has read that letter to the House. Does the chairman of the great Ways and Means Committee endorse what that woman says in that letter?

Mr. DOUGHTON. I endorse every word of it. What part of it do you condemn? You quote the sentence you condemn.

Mr. ROBSION of Kentucky. Does the gentleman mean to tell me that 85 percent of the American people who have millions of boys in the Army, like myself, are traitors because they vote for the Ruml plan?

Mr. DOUGHTON. Well, that is what the woman says. I do not know. It must have got under the gentleman's jacket.

Mr. ROBSION of Kentucky. The gentleman from North Carolina endorsed a statement like that about Members of Congress, and that is what I do not like.

Mr. DOUGHTON. It is the truth that hurts. That does not apply to those who do not convict themselves.

It is folly to talk about forgiving billions of dollars of tax liabilities when our war revenue needs are so imperative. A great deal of this money was earned as a direct result of the war effort and would not have been earned otherwise. The man who put on the uniform of our military forces and in doing so accepted a substantial reduction in income could but regard with contempt any action which would allow persons at home to unduly swell their bank accounts at the expense of the war effort.

Why should we underestimate the ability and willingness of our people to sacrifice and cooperate? If our boys can risk their lives at the front it seems little enough for those of us who are at home to stand with fortitude the financial and economic pressures which are necessary to fully support our armed forces and the entire war effort.

I cannot emphasize too strongly that the burden of any taxes, from which we are relieved, will, in the light of our enormous war expenditures, have to be borne by future taxpayers, many of whom would be our returning soldiers. Certainly we cannot put ourselves in the position of neither fighting nor paying while calling upon our soldiers to both fight and pay. I recall a letter received from a constituent, pleading that he be forgiven his 1942 taxes because that was the first year in which he had ever made so much money. He pointed out that he had had so many lean years that he

ought to be able to retain these swollen profits.

But gentlemen this is blood money. It is being made while thousands of our countrymen are making the supreme sacrifice on the field of battle. We on the home front should not vote ourselves a bonus, an unjust enrichment at their expense. The least which could be asked of us is that we pay our taxes on incomes which have already been earned and enjoyed. As I stand here today, after 32 years of service in this great body, I feel confident what the answer of my colleagues will be. Let us not be misled. Let us face the issue squarely and sincerely. We must not be slackers on the home front. We must help win the war by contributing our share of the tax burden, not by forgiven tax.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. KNUTSON. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, I am reminded by the chairman's remarks of a story of a young minister who was preaching his first sermon, and his mother was a very much interested spectator. In the course of the sermon the old lady showed signs of deep emotion. On the way home the son said, "Mother, I feel glad that you approved of what I said in my sermon." To this she replied, "Son, it was not so much what you said; it was the way you said it."

Now, there are those, not very many, who have an idea that the Ruml plan was conceived by Marshal Rommel in Africa. Perhaps that explains their antipathy. Let me assure them that Mr. Ruml, the author, is a successful American businessman who happens to be closely associated with the New Deal administration.

Mr. Chairman, the committee bill will probably go down in legislative history as the bill with a tax hang-over. I listened with a great deal of attention and interest to my very dear friend the chairman of the Ways and Means Committee. Those who do not know the inside history would think that the idea of forgiving any part of 1942 tax liability is anathema to the distinguished gentleman from North Carolina. Now that that committee has finished its deliberations, perhaps I may divulge what happened in executive session. The chairman, in the first place, voted for every tax-forgiveness plan except one that was offered in the committee. Not only did he vote for every one, but he proposed three himself. The first Doughton plan would have forgiven four and one-tenth billion dollars. I will read the figures from the Treasury statement given to the committee so that there cannot be any question about it. That plan, as I say, would have forgiven four and one-tenth billion dollars. Then he had an outburst of generosity and brought in another plan or bill which would have forgiven six and one-half billion dollars. Under the first plan he would have forgiven the man with a million dollar income a total of \$121,000, as compared with only a few dollars to the man in the lower brackets. Under the second plan the million-dollar



man would have received a forgiveness of \$427,000.

Mr. DOUGHTON. Will the gentleman yield?

Mr. KNUTSON. Mr. Chairman, I am going to yield to the gentleman because I have referred to him, but I shall not yield to others, because I want to make a consecutive statement, and that is something that this House is badly in need of. I yield to the distinguished chairman of the committee, who is my good friend.

Mr. DOUGHTON. I never brought in a single bill at all. I made two suggestions, and the more I looked into them myself the less I thought of them.

Mr. KNUTSON. I do not agree with my chairman. His second plan was a 50-percent Ruml plan, since it would have abated one-half of the 1942 tax for everyone, but would have collected the balance in addition to current taxes over a short period of years.

My good friend certainly recalls that he offered one plan that was known as Doughton plan No. 1, which would have forgiven \$4,100,000,000. Then a few mornings later he told us that he had had a vision during the night. Now, I am not joking. He said he had a vision or inspiration during the night. As a result of that vision he proposed Doughton plan No. 2, which would have forgiven \$6,500,000,000, and I voted for it because it was at least half a loaf, which, as the saying goes, is better than none. Then later on he combined the vision and the other plan into what he called a modified No. 2 plan, which would have forgiven \$5,000,000,000.

Now, if those facts are not true I would like to have them challenged right now while I am here to answer them. [After a pause.] No one arises to challenge these facts because what I am saying is the gospel truth.

The chairman said that no hearings had been held upon the Carlson bill. It is not necessary for me to tell the House that no hearings were ever held on the committee bill, and very little consideration given to it. Now, if I may proceed with my prepared statement:

Mr. Chairman, at the outset of my remarks I wish to say that the Ways and Means Committee has labored over the tax problem for many weeks, giving it thorough and painstaking consideration. There was absolutely no partisanship shown at any time, and although we seem to have divided along party lines, I assure the House that the division is based on honest differences of opinion, not politics.

When the committee began its deliberations the entire membership seemed united in a desire to place income-tax payments on a current assessment and collection basis. Prior to the call for public hearings Republican members of the committee all joined in a statement urging prompt and favorable action on the subject. Later the full committee met and unanimously decided to hold public hearings on all pay-as-we-earn proposals, beginning February 2. These hearings continued until February 15, after which the committee went into executive session with

the avowed purpose of drafting a pay-as-we-earn bill.

Various plans were proposed and considered, but not one was able to command a majority vote. I may say, however, that the Republican members of the committee, with one exception, were convinced that the only fair and practicable plan for effecting the change to a current collection basis was that presented by Mr. Beardsley Ruml. However, as we were a minority of the committee, and as no member of the majority side supported our position, we were simply outvoted.

The majority members, who vainly sought a compromise or substitute for the Ruml proposal, could not agree among themselves, hence, while they control the committee, they found themselves in the position of being unable to act. As a result of the stalemate a subcommittee was appointed for the purpose of trying to work out a solution.

This subcommittee worked diligently for sometime, and likewise came to a dead end when it was unable to agree on a plan. However, as there was unanimity both in the subcommittee and in the full committee as to the need for a system of withholding at the source, no matter what pay-as-we-earn plan might finally be adopted, the subcommittee acted on this phase of the matter and threw the abatement problem back into the lap of the full committee.

The majority of the committee was aware that this indecision could not continue in the face of the public's demand for action. Being unwilling to be convinced of the merits of the Ruml plan, and being unable to find any substitute which would make all taxpayers current with no doubling up in tax payments, they withdrew in disorder from the pay-as-we-earn objective and sought to find some other basis upon which at least they could agree. The result is the make-shift bill now before the House.

The action of the majority reminds me of the ancient fable of Phaedrus, which runs as follows:

A mountain was in labor, sending forth dreadful groans, and there was in the region the highest expectation. After all it brought forth a mouse.

In relation to the expectations of the people, the majority's bill is truly a mouse.

The great and generous heart of America extends to all the unfortunates of other lands but when it comes to doing something for our own people a hue and cry is immediately raised. I am reminded of an incident that is related in a book written by a Russian author, I believe Tolstoy. A Russian noblewoman, bundled in warm and costly furs, went to the opera one bitterly cold night. Upon arriving there she directed her coachman to await her return out in front of the opera house. The opera was a sad one, depicting much suffering and hardship, whereat the noblewoman wept copiously and bitter tears. Later, returning to her sleigh, she found that the coachman had frozen to death during her absence. This tragic happening she took as a matter of course and, we are told, left her unmoved.

A few Members of Congress are like that Russian noblewoman. With unctuous piousness they gladly vote for measures that take the food from our own people's mouths and send it to other lands. I have no quarrel with that but I do strongly condemn the attitude of these same individuals when it comes to doing something for our own people.

The President told the country several years ago that our national debt is in fact not a debt at all because we owe it to ourselves. If that be true, then it follows that in moving the tax clock forward, as is proposed in the Ruml-Carlson bill, there will be no forgiveness in tax liability because we owe the tax to ourselves. In other words we merely forgive a debt that we owe to ourselves.

Many of those who are loudest in their denunciation of the Carlson-Ruml bill only a few days ago voted for the renewal of the lend-lease law, under which some eight thousand million dollars have already been advanced to our allies, and I cannot recall that a single one of them bothered about asking how and where the distribution had been made. It has been going to foreign countries and that is all they wanted to know.

I want to discuss briefly the committee bill, but will not waste too much time on it because a large number on the majority side already are convinced that the majority leadership have made arrangements to desert it and throw their supports to the C. I. O.-Robertson-Forand plan in an attempt to effect a face-saving compromise. I shall be glad to go further into this unprincipled plan for dealing with the problem, if and when the issue is presented. Suffice it to say at this time, it, too, fails to make all taxpayers current. It was rejected in the committee by an overwhelming majority and is just a vote-catching expedient, which would make a large number of taxpaying voters current but deny equal treatment to the rest of the taxpayers. It attempts to compromise on the abatement principle in the face of the fact that there can be no compromise with principle.

There are two essential features to any real pay-as-we-earn plan:

First. It must provide that personal income taxes shall be assessed only against current income and paid out of current income.

Second. It must, insofar as practicable, time such tax payments with the receipt of income, such as by withholding at the source.

While the bill, which a majority of the committee have reported, makes provision for collection at the source, it utterly ignores the main objective by failing to assess and collect the tax currently. And since the majority's bill proposes to use the withholding device primarily to collect the past year's tax debt, virtually all the benefits which would accrue from current collection are lost. For one thing, it will be of no avail to try to collect the past year's income-tax liability at the source after the taxpayer has lost his job, retired, or died.

There are several definite indications that the Democratic leadership plan to scuttle the committee bill. In the first

place the committee bill comes before the House unaccompanied by a closed rule. This is the first such incident that I can recall in a number of years. Heretofore, tax bills have always been accompanied by closed rules, but the Democratic leadership didn't want a closed rule this time because it would prevent them carrying out their program to displace the committee bill with a substitute measure at the proper time.

The bill before us has no genuine friends. It is a wondrous concoction of guile, bile, and rile. The leaders realize that it is a bill they cannot go before the country and defend, hence it must be sidetracked with something more nearly in conformity with what the people want. While the Secretary of the Treasury has informed the country that the administration is 100-percent behind the committee bill, we must not take that statement too literally. Everything indicates the contrary. I fear time will prove the Secretary was merely administering an anesthetic prior to performing the major operation of substitution.

The committee bill is, in effect, a complete repudiation of the admittedly desirable objective of getting taxpayers on a current basis. It simply gives a new lease on life to the present outmoded and wholly unsatisfactory system of collecting the income tax the year after the income against which it is assessed was earned.

Realizing that their bill is a bitter disappointment to the great masses of the people who have been seeking relief from the present overhanging income tax debt, the majority have attempted to sugar-coat it by offering taxpayers a discount if they voluntarily get themselves on a current basis by paying both the past year's liability and the current liability in 1 year.

This obviously involves a doubling up of payments. Only those who have surplus cash on hand will be able to take advantage of the discount provisions and get themselves on a current basis. To the great mass of the people, who are already having a difficult time trying to pay 1 year's tax, the committee bill offers no ray of hope. On the contrary, it would virtually require them to continue to be 1 year behind in their tax payments, with all the hardship which may result.

The majority seem to have lost sight of the fact that it is persons in the lower income levels on whom the present overhanging income-tax debt rests most heavily. The discount provisions of the committee bill would bring no relief to this group, since in most cases the small taxpayer will be unable to make the double payment required in order to get current.

The discount provisions, obviously, will be of benefit only to well-to-do persons.

The committee bill discriminates in their favor and against those to whom the income tax is already a serious financial problem and who have not the means to pay 2 years' taxes in 1 year.

It should be made clear that in order to get the benefit of the 6-percent dis-

count provision, a taxpayer must pay his past year's liability in full by this coming June 15, and at the same time, pay in full his liability for the current year. The discount then applies to the advance payment of the current liability, not to the payment of the past year's liability. If the payment is not made until September 15, the discount is reduced to 4 percent, and if not made until December 15, it is reduced to 2 percent. Beginning in 1944, and thereafter, the discount will be 4 percent on advance payments made by March 15, 3 percent on payments made by June 15, 2 percent by September 15, and 1 percent by December 15.

Amounts withheld at the source are also subject to the discount provisions where the past year's liability has been paid in full. The amount of the discount on sums withheld at the source, under such circumstances, is 3 percent for 1943 and 2 percent thereafter.

I have pointed out that only well-to-do persons will be able to take advantage of the discount provisions of the committee bill, which means a discrimination in their favor and against smaller, less fortunate taxpayers. But that is not all the discrimination there is in the committee plan. It should be made clear that once one of these "flush" taxpayers voluntarily gets on a current basis by paying 2 years' taxes in 1, he will get the benefit of the discount provision the rest of his life by thereafter paying only 1 year's tax in a given year. Thus, the committee bill offers a lifetime bonus to well-to-do taxpayers and in effect amounts to a substantial reduction in their tax. In short, the New Deal majority are in effect giving a stone to the great masses of the people, when they ask for bread.

The committee bill even discriminates against small taxpayers if they have sufficient savings to double up in their payments and get on a current basis. This discrimination results as follows:

The small taxpayer will have his entire tax liability withheld at the source whether it is credited against the past year's tax—as will be the usual case—or against the current year's tax. If he should desire, on March 15, to pay his past year's liability in full, in order to take advantage of the 4-percent interest allowed on the prepayment of his current liability, he will find that the only way he can do so is by paying, not 2 years' taxes in 1, but 3 years' taxes in 1, since withholding at the source will continue even if he is otherwise current. Hence, in effect, the committee bill puts the small taxpayer in a 2-percent strait jacket. Of course, he does not have to pay 3 years' taxes in 1, but it is the only way he can get the 4-percent interest that is offered those who do not have to depend on a pay envelope for their income.

The discount rates of the committee bill would result in a definite cash loss to the Treasury amounting to \$500,000,000 in 1943 and \$250,000,000 a year thereafter. This information was furnished to the committee by the Treasury Department, which stated that these amounts represented a net cost to the

Government over what it would cost the Treasury to borrow the money pending the time payments would otherwise become due.

The majority profess to abhor any forgiveness of tax liability, but under their 4-percent discount allowance, the taxpayer who stays current for 25 years would actually receive 1 full year of tax forgiveness during the period. Pray tell us, what more does the Ruml-Carlson plan bill do? It abates 1 year's tax liability in the lifetime of all taxpayers. All get the benefit, not just a selected few.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KNUTSON. Mr. Chairman, I yield myself 20 additional minutes.

While the Secretary of the Treasury has indicated that he will stand 100 percent behind the committee bill, I do not see how he can look with complacency on the discount provisions which may very readily offer serious competition to the War bond program by reason of the higher return afforded.

Inasmuch as the Treasury Department was opposed to any plan of using the withholding tax to collect the past year's income-tax liability, I feel that the House is entitled to know the basis of its opposition. In a memorandum furnished the committee during the executive sessions, the Treasury pointed out that any such plan would not provide a pay-as-we-earn system for the great majority of the taxpayers. The Treasury's objections are referred to on page 7 of the minority report and are as follows:

1. Since the great majority of the taxpayers would not be made current, a serious payment problem would arise in the years when income declined and employment decreased.

2. Changes in the economic situation from year to year would have a very different impact on persons whose income-tax payments were entirely current than on persons whose income-tax payments were not at all current, even though their incomes and tax liabilities for any given year were identical.

3. Factors to be considered when changes are made in the income-tax system would increase in complexity. Changes made in any year in rates, exemptions, or in what constituted taxable income might have an entirely different impact on persons who are meeting the tax liabilities of 1 year than on those who are discharging the liabilities of another year. No method of timing tax changes would be applicable to all persons alike.

4. The plan would require practically all the administrative arrangements necessary to instituting a genuine pay-as-we-earn system without the advantages.

Numerous other criticisms could be made of the committee plan, but inasmuch as it seems unlikely that the House will give the plan its approval in any event, there perhaps is no good reason for going into them further.

Now, for a few words as to the defects in the present tax system which have given rise to the insistent demand that the personal income tax be placed on a current basis.

When the income tax was inaugurated in 1913, the law was not enacted until October and was made retroactive to March 1, the effective date of the income-tax amendment. Hence, the year had gone by before anyone became liable



for a tax on what he had earned. There was no opportunity to pay the tax out of the income as it was earned. Congress provided, therefore, that it could be paid during the following year.

Ever since that time the taxes we have been paying in 1 year have been based on the prior year's income.

As long as rates were low, little or no attention was paid to this situation, but with constantly mounting rates, which have now attained burdensome proportions, people have become painfully aware of the necessity for getting the personal income tax on a current basis.

Even the Treasury has recognized the desirability of such a tax reform. In its statement before the Ways and Means Committee, the Treasury strongly urged that tax payments be made current, and it pointed out the advantages which would accrue thereby to both the taxpayer and the Government.

The three principal defects of the present income-tax system from the standpoint of the taxpayer are as follows:

First. That the present method of collecting income tax on a given year's income in the year following works a terrific hardship on taxpayers whose income declines, as in the case of men going into the service, or whose income ceases entirely, as at retirement or loss of employment. The income-tax debt for the past year then becomes an unbearable burden, which may easily wipe out every asset that the taxpayer possesses.

Second. That the present system of collecting income tax on a given year's income in the year following gives no regard to the taxpayer's present ability to pay, whether greater or less.

Third. That tax payments are not timed with the receipt of income by the taxpayer.

All of these defects would be cured by the adoption of a real pay-as-we-earn plan which would place all taxpayers on a current basis. From the standpoint of the Government, there are the following defects in our present system of collection:

First. Delinquencies in payment are bound to result when taxes are not collected until a year after the income is earned. This defect promises to be a serious threat to the whole income-tax system when the war boom ends and millions are thrown out of employment.

Second. Under the present system the 1-year lag in collection does not permit prompt adjustment of the tax burden.

These defects would also be cured if the income-tax system were put on a current pay-as-we-earn basis. If we accept the premise that such a tax reform is not only desirable but necessary, the only question remaining is, How shall it be brought about?

After careful study of all the various pay-as-we-earn plans presented to the Ways and Means Committee, I have become convinced—and my colleagues who joined with me in the minority report have become convinced—that there is only one practicable and fair method of bringing this about, namely, by adopting the so-called Rumml plan as embodied

in the bill introduced by the gentleman from Kansas [Mr. CARLSON], H. R. 2245.

There are, as a matter of fact, only two possible methods of getting all taxpayers on a current basis this year. One is by requiring the payment this year of both 1942 and 1943 tax liabilities. However, as this method would involve an intolerable burden of double taxation, it is absolutely out of the question. The only remaining alternative is to abate the 1942 assessment and assess the income tax for 1943 and subsequent years on the current income instead of the past year's income. This latter method is the Rumml-Carlson plan in essence.

Any plan which attempts to collect the 1942 liability in addition to current taxes, necessarily involves double taxation if the entire past liability is to be collected immediately, or it involves a partial doubling up if it is spread over a period of years. In the latter event, there is also a continuation of the overhanging tax debt.

It may be of interest to note that our neighbor to the north, Canada, has, within the past month, decided to go onto a fully current basis in the collection of the individual income tax. Heretofore, Canada has been on what may be termed a partially current basis, inasmuch as withholding at the source has made it possible for Canadian taxpayers to be approximately 50 percent current. In order to give Canadian taxpayers and the Canadian Treasury the benefit of a fully current collection system, the Canadian minister of finance has recommended that the unpaid half of the 1942 liability be abated in order that the 1943 liability may be collected currently without any doubling up in payments.

In presenting the Rumml pay-as-we-earn plan to the Canadian Parliament, the minister of finance stated that the complete abatement of the balance of the 1942 liability in the case of all taxpayers was necessary in order to prevent "unreasonable overlapping" as a result of the transition to a full pay-as-we-earn basis.

Evidently the minister of finance of Canada, our distinguished chairman to the contrary notwithstanding, also believes that taxpayers can be made approximately current. Unfortunately, the chairman is not alone; there are others on the committee who profess to hold to that belief.

On the fiscal phase the minister of finance made this very interesting statement, to which I invite close attention:

The adoption of the pay-as-we-earn plan, together with the other changes associated with it, will increase our revenues in the next fiscal year and in subsequent years.

Note that:

It will increase our revenues.

Continuing, he said:

It may seem strange at first sight that a rearrangement which involves canceling some tax liabilities and making no increase in tax rate could somehow increase our tax revenues. The reason is that we replace

the canceled liabilities by bringing forward the taxes to be paid in all future years.

Mr. Chairman, that is precisely what the minority members of the House Ways and Means Committee propose to do under the Rumml-Carlson bill.

While the 1942 liability would be abated, we bring forward by one year the time of payment of the 1943 liability and that of all future years.

And that is for all future years. This is not a change for a year or two, it is a change that will endure as long as the Republic stands, and may I say to you that we can afford to pay something to go onto such a sound basis.

Thus there is no loss of revenue under the Carlson bill, but on the contrary an increase in revenue because we would be tapping the higher level of 1943 incomes 1 year sooner than under the present law.

In other words, Canada has adopted the Rumml plan insofar as it is applicable to her situation. Inasmuch as we, in this country, are a full year behind in our collections, we must abate all of the 1942 assessment in order to start with a clean slate in assessing taxes currently in 1943 with no doubling up.

For the benefit of those who appear to be frightened by political and fiscal hobboblins which they profess to see in the Rumml plan, I would like to make note of the fact that in the budget message of the Canadian finance minister, suggesting the adoption of the Rumml plan in Canada, there was no suggestion of any threat to the solvency of the Government, or any unfair discrimination as between taxpayers being inherent in the plan.

The Carlson bill, H. R. 2245, which embodies the underlying principles of the Rumml plan, will be explained in detail by its author, the gentleman from Kansas. If enacted into law, it would make all taxpayers immediately current in 1943 by treating all tax payments made this year as being in discharge of the 1943 liability rather than the past year's liability.

In order to avoid any doubling up of tax payments in 1943, the past year's liability would be abated. No loss to the Treasury would result since all who had incomes in 1943 would go on paying taxes as usual. In fact, the Treasury stands to gain \$3,000,000,000 by the adoption of the Carlson bill since the 1943 income-tax assessment is estimated at \$13,000,000,000 as against only \$10,000,000,000 for the 1942 assessment. Thus, any charge that the Treasury will lose money by the adoption of the Carlson bill is utterly ridiculous and fantastic. Even the Treasury Department was forced to admit, in the course of the hearings, that no cash loss would be involved. Opponents overlook the fact that the 1942 tax liability becomes a part of the estate and will be largely recovered through the estate tax at death.

The charge is frequently made that the adoption of the Carlson bill would create new war millionaires and let the wealthy escape their just tax burden. This

charge, too, is utterly false and ridiculous. In order to provide against any unjust enrichment to wealthy persons, the Carlson bill has two antiwindfall provisions which effectively prevent any such result. In the first place, where the 1942 income exceeds \$20,000 and is higher than the 1943 income, the Carlson bill would require that the tax for 1943 be paid on the higher 1942 income. Secondly, in order to make sure that any war profits by individuals do not escape taxation, it is provided that where both the 1942 and 1943 incomes exceed the 1941 income by more than \$50,000, a special tax shall be imposed on the income-tax liability of the year which otherwise would be abated by the bill. This tax would be 25 percent of the first \$500,000 of the abnormal portion of the income for the year and 50 percent of the balance. This special tax can be justified on the ground that the tax paid out of the 1942 income in such cases on the low 1941 liability does not represent a fair and just tax on the high 1942 income. If, on the other hand, the taxpayer had received the same income in 1941, the tax paid on it out of the 1942 income would have represented a fair tax on that 1942 income.

The Carlson bill includes the withholding provisions of the committee bill, except it provides that the amounts withheld out of pay envelopes shall be credited to the current liability rather than to the past year's liability.

Under the Carlson bill, income-tax returns filed on March 15, would be treated as tentative returns on the 1943 income, and the payments made on March 15 would be credited to the current liability, as would all other payments made during the year. Also, as I have indicated, the amounts withheld at the source, beginning July 1, would be credited against the current liability and offset against any subsequent quarterly payments if any are due.

In order to provide the utmost flexibility in gearing current tax payments to current income, taxpayers would be permitted to file an amended return to reflect any change in income or circumstances and to adjust their subsequent installments accordingly.

I may say that the Carlson bill also includes the so-called Woodruff amendments relating to members of the armed forces which appear in the committee bill.

Thus, the Carlson bill presents to the House simply the one issue of whether Congress is going to place income-tax payments on a current basis. I shall not go into any further detail regarding the operation of the Carlson bill as it is fully explained in the minority report and will be discussed further by the able gentleman from Kansas [Mr. CARLSON] when he speaks on the bill.

The Carlson bill is progressive and forward looking—the committee bill represents arrested motion and reaction at its worst.

The Carlson bill prepares for the difficult post-war days ahead when many will be jobless and unable to pay their taxes—the committee bill prepares for nothing, and would pin the odious label

of "tax defaulter" on the breasts of the unfortunate.

The Carlson bill will create no administrative difficulties—the committee bill would compound those already inherent in our antiquated system.

The Carlson bill will spur purchase of War bonds and investments by setting the taxpayer's budget in order—the committee bill would threaten the whole War-bond program by offering higher discount rates of interest than can be obtained by purchasing bonds.

The Carlson bill treats each and every taxpayer exactly as he or she is treated under our system of progressive income-tax rates—the committee bill offers one rate of discount to persons of means, a lesser discount to the wage earner and salaried person whose income tax is all withheld at the source.

The Carlson bill will benefit 44,000,000 taxpayers—the committee bill only a handful.

The Carlson bill meets the demand of the people for a real pay-as-we-earn tax system—the committee bill evades it.

The Carlson bill is a modern, streamlined proposal geared to a 1943 world—the committee bill is the same old 1913 model mounted on a couple of retreads.

There is only one thing wrong with the Ruml plan—the Treasury did not think of it first. The fact that it has indicated a willingness to abate three-quarters of the 1942 tax liability shows that its opposition to the Ruml-Carlson bill is not to be taken too seriously.

The principle of the Ruml-Carlson bill has been endorsed by the two representative agricultural organizations, the American Farm Bureau Federation and the National Grange. It has been endorsed by representatives of the American Federation of Labor and the American Legion. It has received virtually the unanimous approval of the newspapers of the country, which are an accurate barometer of public opinion. According to the Gallup poll, which appeared in the press of last Sunday, it has the overwhelming support of the people, being favored by 83 percent of the taxpayers in the upper income brackets and 86 percent of those in the lower brackets, showing that the masses of the people are as much, if not more, interested in the plan than are persons of means.

The majority, in their bill, have turned their backs on the people. The Carlson bill, embracing the Ruml plan, is what the people want. It is supported by 9 of the 10 Republican members of the Ways and Means Committee. It will, I am sure, be supported by an overwhelming majority of the Republican Members of the House, and, I hope, by at least a substantial number on the Democratic side.

The House has an opportunity to render a real service to the people and to the Government by adopting the Carlson bill.

It will put the income-tax system on a sound basis and provide the people a means of meeting their heavy tax obligations with a maximum of convenience and a minimum of hardship.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Minnesota yields back 2 minutes.

Mr. DOUGHTON. Mr. Chairman, I yield 40 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, the bill H. R. 2218 is before the House for consideration after more than 2 months of most careful consideration and diligent work by the Ways and Means Committee. The bill was reported from the committee by a vote of 17 to 8—and there are 15 Democrats on the committee.

As has been my custom since I have had the honor of serving on this committee, I shall endeavor to explain the provisions of the bill and would appreciate an opportunity to do so without interruption, and I shall then gladly yield to answer any questions as best I can about the provisions of the bill.

After I have thus endeavored to cover the committee bill, I shall enter into some discussion of the Ruml plan, or Carlson bill, as I understand it is to be offered as a substitute for the committee bill.

It is difficult to anticipate what form it may be in by the time it is offered because it has been changed so frequently up to now. All I can do is to take the last version of it and try to analyze it.

The purpose of the committee bill can fairly be stated in 1 sentence of about 25 words.

The bill provides for withholding at the source on wages and salaries beginning July 1, 1943, and a method for taxpayers to become current by paying their taxes.

The bill does not forgive any taxes and does not require a taxpayer to double up to become current in the payment of his taxes unless he desires to do so. It is entirely optional with the taxpayer whether he becomes current or continues substantially on the present system if he prefers to do so. We have heard much talk about the taxpayer desiring to become current, and this bill provides a method and encouragement for him to do so if he desires.

This bill does not levy taxes but provides for the collection of taxes already imposed by existing revenue acts.

This is not a new experiment in this country and certainly it is not new in other countries of the world. I might invite your attention to the majority committee report on this bill, page 2, where reference is made to the withholding provisions included in the first income tax act of 1913 and also this remark with respect to that act:

This proposal embodies the best judgment and the longest experience of the oldest income tax countries. Both England and Australia today collect taxes at the source in payment of the liability for the prior year.

As I stated a moment ago, the withholding is not a tax, but it is a method of collecting taxes already imposed by existing revenue law.

This bill provides that on July 1 of this year there shall be withheld at the source 20 percent of the wages and salaries. That 20 percent includes 3 percent for the Victory tax and 17 percent for the income tax. You will recall that the



Victory tax is 5 percent gross. The taxpayer has the right to take a credit as he goes along. If a single person, he is entitled to a credit of 25 percent, while a married person is entitled to a credit of 40 percent, if used for three purposes: Payment of outstanding debts, payment of outstanding insurance, or the purchase of War bonds and stamps.

That 5-percent gross means after credit is taken for these three purposes that the net for the married person is 3 percent, the net for a single person is 3.75 percent, and the net for the two taken as a whole is about 3.2 percent. If this credit is not taken against the Victory tax as the taxpayer goes along he is entitled to a post-war refund of that amount; in other words, 25 percent for a single person or 40 percent for a married person of the amount of the tax. So that we provide in this bill of the 20 percent withheld at the source 3 percent or the net amount shall be for the Victory tax and 17 percent for the income tax.

It will be remembered that the normal income tax is 6 percent. The first bracket of surtax is 13 percent. That makes 19 percent gross, which applies to the first dollar of taxable net income and extends on up through the first bracket of surtax. Again, 19 percent is gross. The taxpayer is entitled to an earned income credit of 10 percent up to \$14,000 and other credits, so that the result is that this 19 percent—6 percent normal and 13 percent first bracket surtax equaling 19 percent—is gross and the net is 17.3 percent. So we take the 17 percent for the income tax and 3 percent for the Victory tax and we withhold 20 percent at the source.

Provision is made in this bill for certain discounts to assist taxpayers in reaching a current basis. I think it can be agreed that one of the oldest principles of American business is the allowance of a discount for the advance payment of a debt. If I owe a man a note for a thousand dollars and go to him 9 months or a year before the note is due, I expect him to give me some discount and he expects to allow some discount for the advance payment of that debt.

The discount provision in this bill was based upon that sound American principle of business and practice that is known by everybody. I do not recall that there was any difference of opinion among the members of the committee with respect to these discount provisions or advance payment of taxes.

Mr. McLEAN. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from New Jersey.

Mr. McLEAN. Does the gentleman know of any State in the Union where the offering of a discount for payment of taxes has stimulated the payment of taxes to any considerable extent?

Mr. COOPER. Yes; I think that is undoubtedly true. I think the State of Texas and maybe others. As an illustration, in my home town we have a municipal water and light plant. If people pay their bills before the 10th day of the

month they get a 10-percent discount for cash. That is a practice known everywhere, and it is followed generally in business activities.

Mr. McLEAN. I may say to the gentleman that in New Jersey we have not been successful in stimulating the payment of real-estate taxes by the offer of a discount, and I have understood that in Wisconsin there has been the same experience.

Mr. COOPER. I may say, also, since the gentleman has mentioned it, that the only State in the Union that has ever tried anything approaching the Ruml plan was the State of Wisconsin, and I understand that State abandoned it after they had given it a fair trial.

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Oklahoma.

Mr. DISNEY. Is it not a fact that the records of the Treasury Department show that the interest rate itself is in the nature of an effective discount?

Mr. COOPER. The gentleman is correct.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Rhode Island.

Mr. FORAND. On the question just asked by the gentleman from New Jersey I can state that in the State of Rhode Island several cities and towns have for a number of years given discounts for the prepayment or advance payment of real-estate taxes and it has brought in not only current taxes but many taxes that were long overdue; it really has been meritorious.

Mr. COOPER. And it is a practice that is recognized generally by American businessmen. As I said a moment ago it is common practice for people who know they can get a discount for advance payment of the amount due on a note or debt.

For the calendar year 1943 only, if the taxpayer pays his tax liability by June 15, he is allowed a discount of 6 percent; by September 15, it is 4 percent; by December 15 it is 2 percent, and also for the year 1943 only, a discount of 3 percent is allowed for the amount withheld at the source. This is all absolutely on a fair and equal basis. An allowance or discount is made for advance payments voluntarily made by citizens to help them get on a current basis, and where the amount is withheld at the source a discount is allowed.

There has been much said about this discount provision being in the interest of wealthy people. There is no substance in that argument at all. The same rate of discount is allowed for everybody; the man with a dollar of tax liability is allowed the same rate of discount as the man with a \$1,000,000 tax liability. Certainly, as I stated to some gentlemen a few minutes ago, you do not have to sit up all night to figure out whether 6-percent forgiveness amounts to as much as 100-percent forgiveness as provided under the Ruml plan.

For the year 1944 and for subsequent years, if the tax liability is paid by March 15, the discount is 4 percent.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the distinguished gentleman from North Carolina.

Mr. DOUGHTON. Not only does the 6 percent not involve as much forgiveness as the 100 percent but the 6 percent is for the payment of money before it is due and the 100 percent is for money that is already due; it is 100-percent discount for taxes already due.

Mr. COOPER. The gentleman is absolutely correct.

For 1944 and for subsequent years, if a taxpayer pays his tax by March 15 a discount of 4 percent is allowed; by June 15, 3 percent; September 15, 2 percent; and December 15, 1 percent. For 1944 and all subsequent years, a 2-percent discount is allowed for the amount withheld at the source. Again, it is absolutely fair and equal between all types and kinds of taxpayers; the same ratio of discount applies to all of them.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. ZIMMERMAN. Let us assume that the farmer does not harvest his cotton crop until September; that is when they gather cotton down in southeastern Missouri. Up until that time he gets no revenue from his farming operations. As I understand the gentleman from Tennessee, that farmer would not be able to avail himself of this discount in March 1944.

Mr. COOPER. Unless he has saved it out of the previous year's earnings.

Mr. ZIMMERMAN. I know, but that is income for the year 1943. I thought you were referring just now to income for the year 1944.

Mr. COOPER. Certainly, and all subsequent years. Let us take as an illustration the year 1950.

Mr. ZIMMERMAN. Yes.

Mr. COOPER. If a man is in position to do so and wants to pay his income taxes by March 15 he gets a 4-percent discount; or by June 15, he gets 3 percent; or by September 15, 2 percent; or December 15, 1 percent. For 1960 or any other year in the future the same thing is true.

Mr. ZIMMERMAN. I just want to make this observation if the gentleman will permit: The man who has a stated salary from month to month might be able to do that; he is getting his income regularly, but, as I say, the farmer, for example, does not get any revenue until he gathers and sells his crop. It seems to me that there is some disadvantage for a man in his position, and he is not quite on an equal footing with the man who may be collecting money earlier in the year.

Mr. COOPER. The gentleman will agree, I am sure, that so far as the farmer is concerned, or the lawyer or the doctor or the professional man or the merchant or the self-employed, there is no practical plan for pay-as-you-go

for them, because there is nobody to withhold from them.

Mr. ZIMMERMAN. I think the gentleman is right about that, but there is a little discrepancy as it applies to the farmer.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. SCOTT. Will not the gentleman agree with me that the discount favors the man who has the ready money as against the man who does not have?

Mr. COOPER. I do not think that is exactly correct. This 4, 3, 2, 1 percent is for all the years of the future. How can anybody tell now what a man's ready-cash situation might be in 1950 or 1960? Of course, the man has to have the money to pay in order to get the discount; there is no doubt about that.

Mr. SCOTT. It would, therefore, favor the man who has ready money available to pay his taxes.

Mr. COOPER. If a man does not have the money, he cannot pay, but, under this bill, if he does not have the money and cannot pay, he does not have to pay.

Mr. SCOTT. My point is that the rich are more likely to have available money than the average citizen.

Mr. COOPER. Of course, the provisions are exactly the same for everybody who can take advantage of them.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. MASON. A discount for cash always enters into all transactions, of course, and why should it not apply to this in the same way?

Mr. COOPER. It is the same principle, of course. The discount for cash has to be taken advantage of by the man who has the money to pay and can take advantage of it.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. BROOKS. As I understand from the gentleman's explanation, and he has made a very fine explanation of the plan, it is really a prepayment plan.

Mr. COOPER. That is correct.

Mr. BROOKS. There is no hope, then, of getting down to date on a pay-as-you-earn plan?

Mr. COOPER. Certainly; a man can get on a current basis.

Mr. BROOKS. An individual can, if he has the cash, but that same individual, year by year, must pay in advance, and if he does pay in advance, he gets the discount.

Mr. COOPER. If he wants to pay in advance, an opportunity is afforded here for him to do so; he is given the inducement to do so; and if he does not want to do that, he goes right on as he does under the present system.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. HOLIFIELD. Is it not true that now the man who has the ready cash can buy anticipation certificates which will allow him a discount?

Mr. COOPER. Absolutely. That practice has been in effect for several years. A man can buy tax anticipation notes and take advantage of them, and many men are doing that.

Mr. HOLIFIELD. If he can do it now, what is the advantage of this plan?

Mr. COOPER. It is simply that not all people are taking advantage of buying tax anticipation notes, but those who do get that advantage.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. At this point let us see if we understand. It will be necessary for a taxpayer before he can anticipate his taxes to pay first his 1942 taxes in full?

Mr. COOPER. That is right.

Mr. WHITTINGTON. If that is so, if he pays his 1942 income taxes in full by June 15, 1943, he can anticipate his estimated 1943 taxes and get a discount of 6 percent.

Mr. COOPER. That is correct.

Mr. WHITTINGTON. If he waits until September he gets a discount of 4 percent, and if he waits until December 15 he gets a discount of 2 percent.

Mr. COOPER. The gentleman is correct.

Mr. WHITTINGTON. For the next year, that is to say, for the year 1944, having paid his 1942 taxes and anticipated his 1943 taxes, he can anticipate his 1944 taxes by the same method, except that the discount rate to begin with will be 4 percent instead of 6 percent.

Mr. COOPER. The gentleman is correct.

Mr. WHITTINGTON. That will be repeated through the years.

Mr. COOPER. Yes.

Mr. WHITTINGTON. So there will always be an incentive under the committee bill to pay the taxes the year you owe them, once you have got on a current basis.

Mr. COOPER. The gentleman is correct. That is an inducement for keeping current.

Mr. WHITTINGTON. That inducement applies to what is called the big taxpayer as well as the smallest taxpayer in the Nation? They all get the same discount whether or not the amounts of the taxes are the same?

Mr. COOPER. They get exactly the same discount.

Mr. WASIELEWSKI. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. WASIELEWSKI. The 4-percent discount is a consideration that is given to the taxpayer in order to alleviate the necessity of making the payments in monthly installments or quarterly installments, thereby causing a great deal of extra clerical and paper work?

Mr. COOPER. The gentleman is exactly correct. In other words, we provide this withholding at the source for wages and salaries. There are a vast number of other taxpayers who do not receive their income from wages and salaries. We felt it was fair to provide some method for them to keep current,

as we have provided for the withholding tax applicable to wages and salaries.

Mr. WHITTINGTON. If the gentleman will yield further, under the terms of the committee bill there is no doubling up of the withholding tax that becomes operative on July 1, because it is applied first to the payment of any balance that may be due on the 1942 tax, and if then it should happen that there was a prepayment, the taxpayer would have the credit for the prepayment at the end of the year.

Mr. COOPER. The gentleman is correct; he is anticipating me. That is the next point I expect to cover.

Mr. WHITTINGTON. I did not mean to do that. The gentleman mentioned that, and I wanted to bring it out.

Mr. COOPER. I thank the gentleman.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. VOORHIS of California. I want to get one point clearly in mind, then I want to ask the gentleman a question. Of course, it is true that the withholding applies to that portion of a person's income over and above his exemptions, not to the entire income. Is that right?

Mr. COOPER. That is right, if you include credit for dependents, plus 10 percent of such exemptions for deductions.

Mr. VOORHIS of California. Then there is a 10-percent allowance beyond that. Is that 10 percent on exemptions or 10 percent on income?

Mr. COOPER. It is 10 percent on the amount of the exemption.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. CURTIS. Is it true that when those who wish to pay their taxes in advance in 1944, and thereafter take their discount, that that discount is lost to the Treasury, and that all the other taxpayers will have to carry that rate of lost discount percent?

Mr. COOPER. The amount of the discount does not go to the Treasury.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. WHITE. The gentleman from Mississippi [Mr. WHITTINGTON] referred to a particular class he had in mind, and they are the property owners. I would like to refer now to the people who are not property owners, the people who make a big salary, and spend it as fast as they make it, and when the 15th of March rolls around, they have not a cent, but they have earned on an average of \$400 a month during that time. A number of people are doing that.

Mr. COOPER. Under both bills under consideration, or the committee bill and the bill that will be offered as a substitute, the withholding-tax provision is the same.

Mr. RUSSELL. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. RUSSELL. Take the discount the gentleman spoke about that fails to reach the Treasury. The Treasury would get



the money 6 or 8 months ahead of the time it is due and payable, and so, thereby would be relieved of paying interest on money borrowed, and save the interest on that for that period of time.

Mr. COOPER. The gentleman is correct.

Mr. DOUGHTON. All that is paid on the 1943 tax—that is, before it is due, will be that much less on the \$16,000,000,000 necessary to be raised by additional taxation.

Mr. COOPER. The gentleman is correct.

Mr. GORE. Where, then, is the justification for all of this talk we hear over the radio that the committee bill requires the payment of 2 years' taxes in 1?

Mr. COOPER. I do not know the reason for the talk, but it is not accurate. The taxpayer who has paid his 1942 tax is current or substantially so. The taxpayer who paid his first quarterly payment on March 15 will pay the second quarterly payment on June 15, on his 1942 taxes. The amount withheld, beginning on July 1, will apply on his third and fourth quarter installments of his 1942 tax, and any balance will apply to his 1943 tax.

I trust I may be pardoned for a personal illustration, but I shall assume this type of case. I have paid my 1942 taxes. I saved the money out of my 1942 income, and have paid my taxes. I have done that every year since I have paid a Federal income tax. I know of many, many other people who do the same thing. Practically everyone could do it if he wanted to. I knew substantially what my tax liability would be on my congressional salary. I simply set aside about \$150 per month out of my salary that I considered belonged to the Government. I was simply the trustee, holding that money for my Government. I knew I owed it. I knew I would have to pay it, and I knew, in order to be able to pay, the common-sense business thing to do was to save the money as I went along. I made out my income-tax return on February 15, and paid the tax I owed. Now let me assume this illustration to try to point out how this plan in the committee bill will work. Assume the illustration that the 1942 tax was \$2,000 and has been paid. Then, using my case as an illustration, having a fixed salary, knowing what the income will be from that fixed salary, I can very accurately estimate what my tax for 1943 will be.

I estimate the tax for 1943 will be \$2,000, about what it was for 1942. I know that there will be withheld at the source beginning July 1, 20 percent, and that withholding will apply to the last 6 months of this year. In other words, there will be about \$1,000 withheld at the source. I know then that the balance I will owe above the amount withheld at the source will be another thousand dollars. Then on June 15 I can take a discount of 6 percent and pay that other thousand dollars, and on January 1, I shall be current, except a small amount above the 20 percent that would be due in connection with the amount

withheld. We know that we come in the surtax bracket above the first 19 percent. Then, if a man wanted to estimate his taxes in 1944 on the same basis as I have outlined here, if his income was still such as that he knew in all reason that he would owe \$2,000 taxes, he could pay the amount of his tax by March 15 and get his discount of 4 percent. From then, year after year, he would be current as long as he wanted to be current, but if adversity overtook him, if a situation developed so that he could not be current, then he could go back to the present system that we have. In other words, it leaves the American citizen the opportunity of exercising his own free will, his own free option as to whether he wants to be current or wants to continue on the present system.

Mr. HARRIS of Arkansas. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. HARRIS of Arkansas. If in 1944, March 15, he chooses to pay his anticipated tax for the year, then what happens to the withholding procedure for the rest of the year?

Mr. COOPER. He anticipates that, of course, just as the illustration I gave. I know that the last 6 months of this calendar year, 20 percent is going to be withheld at the source. So I take that into account when I estimate the amount of tax that I will owe in 1943. But bear this in mind, and it should be remembered all along, we are going on a withholding basis in the middle of the year. Here is 6 months of the calendar year 1943 that the withholding has not applied. Now, you have to pay your tax for that 6 months. You drew the same salary in the first 6 months of 1943 that you will draw in the last 6 months, but you have to anticipate the amount of income you have for the first 6 months, and in estimating what your income will be for the year you take into account that which you know is certain, that for the last 6 months of the year the 20 percent will be withheld at the source. Now, for the calendar year 1944, coming more directly to the point raised by the gentleman, I know for the calendar year 1944 that 20 percent is going to be withheld at the source for the entire calendar year. Therefore, I take that into account in estimating the amount of my taxes. I will only have to estimate that part above the first bracket, the surtax that my salary happens to cause me to reach. That I will have to take into account in estimating the amount of my tax, as far as my salary is concerned.

Now, of course, if any taxpayer whose income is not sufficient to take him above the first surtax bracket—in other words, if the 20 percent will discharge his Victory tax liability and his income-tax liability, he is current right along from the beginning of 1944 and every year thereafter. But it is only those taxpayers who go in the higher brackets that will have to estimate their income, which brings them into the brackets above the amount affected by the withholding, and the other great body of taxpayers who do not receive their income from wages and salaries.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. WHITTINGTON. In the event a taxpayer dies, I take it that under the terms of this bill there will be a refund to his estate?

Mr. COOPER. Of course.

Mr. WHITTINGTON. As provided by law?

Mr. COOPER. Of course provision is made. If there is overpayment made, whether the man is dead or alive, he gets his refund. If there is underpayment, he has to pay the difference. If he estimates too low he will have to pay in the difference.

Now bear this in mind: There is one very important thing in connection with this committee bill. We now have a withholding tax of 5 percent at the source. It is commonly confused as being a Victory tax. That is not correct. We have a Victory tax of 5 percent gross, but, as I pointed out a moment ago, it only amounts to about 3.2 percent net. But we have withheld a tax of 5 percent at the source. That withholding tax is first applied to the discharge of the victory tax, but any amount that may be over the Victory tax liability is applied to the income tax. That is true now. With the situation as it exists at this time with respect to the present withholding, the Commissioner of Internal Revenue estimates he will probably have 17,000,000 claims for refunds. Now we try to correct that in this bill, because we try to put the withholding on a net basis and not a gross basis. For a married man who has 5 percent withheld and is entitled to a credit of 40 percent, you will readily see that 40 percent of 5 percent is 2 percent. Therefore 3 percent net is the exact amount for him. There is a slight difference in the case of a single man, but the 3 percent withholding net, in the case of a married man, puts him on the exact basis.

Mr. CUNNINGHAM. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. CUNNINGHAM. In the gentleman's very clear illustration, applying to his own situation, I want to ask this question: When 1943 is ended and the gentleman has paid all of his taxes, is it not true that the gentleman this year will have paid 2 years' taxes, namely, 1942 and 1943?

Mr. COOPER. Not at all.

Mr. CUNNINGHAM. You just said you were going to pay twice.

Mr. COOPER. Not at all. That is the great confusion about this whole issue.

Mr. CUNNINGHAM. That is what I would like to have cleared up.

Mr. COOPER. Very well. Every dollar of tax that I paid on February 15 this year was out of 1942 income.

Mr. CUNNINGHAM. I understand but did you not pay it in this year?

Mr. COOPER. Certainly. I wrote the check this year.

Mr. CUNNINGHAM. Then you actually paid 2 years in the same year.

Mr. COOPER. No. I have received 2 years' income, and I expect and I feel

that I should pay taxes on my 2 years' income.

Mr. CUNNINGHAM. But did you not pay it in the same year?

Mr. COOPER. You may write the check in the same year, but it is not out of this year's income.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 20 additional minutes.

Mr. COOPER. Now, that is a clear-cut question. The gentleman talks about payment of 2 years' taxes out of 1 year's income.

That is a fallacy; there is no basis in fact for it; it is unsound and untenable.

Mr. CUNNINGHAM. I agree with the gentleman.

Mr. COOPER. Because I received a full year's income in 1942 and I owed tax on it I paid that tax on it. Certainly, I had not received enough income up to February 15 of this year to pay all of last year's taxes.

Mr. CUNNINGHAM. My question was not directed to what year's money the gentleman's tax came out of, but what year he paid it in.

Mr. COOPER. The Ruml plan, of course, means that you receive 2 years' income and pay 1 year's taxes; that is what it means.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. DINGELL. And under the Carlson proposal they just give you an option of paying either the 1942 or 1943 tax, but nevertheless your Uncle Sam is gyped out of 1 year's revenue.

Mr. COOPER. There is no doubt about that.

Mr. ALLEN of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. ALLEN of Louisiana. Does this bill make any provision on the length of time in which these refunds shall be made?

Mr. COOPER. Yes; there is a provision on that, but I do not have it immediately before me. It is taken care of, however.

Mr. ALLEN of Louisiana. Then any taxpayer who has money coming back to him would not lose it.

Mr. COOPER. That takes effect immediately and automatically; there is no doubt about that.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield to me?

Mr. COOPER. Briefly.

Mr. GIFFORD. I want to compare my personal position with the gentleman's.

Mr. COOPER. I will not have time to yield for that; I am sorry.

Mr. GIFFORD. Yes.

Mr. COOPER. I decline to yield.

Mr. GIFFORD. Oh. The gentleman does not yield?

Mr. COOPER. Not to go into a long discussion on that.

Mr. GIFFORD. Then I will ask the gentleman a question.

Mr. COOPER. I will yield for a question.

Mr. GIFFORD. In my case doctors, surgeons, hospitals intervened and I have to wait all through 1943 to pay my 1942 taxes; I have not the cash like the gentleman has.

Mr. COOPER. Under this bill the gentleman would have an opportunity to do that.

Mr. GIFFORD. I have the opportunity, yes; but I cannot embrace it.

Mr. COOPER. If the gentleman cannot take advantage of it he will have to pay the other way.

Mr. GIFFORD. I planned to do it, but somebody took it away from me. Has the gentleman no sympathy?

Mr. COOPER. This bill takes care of the man who is not in a position to do it and is not able to do it, but it does not take care of it by forgiving it.

Mr. GIFFORD. But I cannot get current when I pay 2 years' taxes.

Mr. COOPER. In my experience in life I have known but one way to discharge an honest debt, and that was to pay it.

Mr. GIFFORD. Would the gentleman pay the doctor first or the hospital first? He has not given me an answer; would the gentleman pay the doctor and the surgeon?

Mr. COOPER. Mr. Chairman, I decline to yield further.

Mr. GIFFORD. That is the question.

Mr. COOPER. I have told the gentleman that if he is not prepared or in a position to take advantage of the discount and pay that he does not have to; he can continue under the present system. This bill does not forgive any of the tax.

Mr. GIFFORD. No; you bet it does not.

Mr. COOPER. And, as I said a moment ago, the only way in life that I have found to discharge an honest debt was to pay it, and that is all this bill proposes.

Mr. GIFFORD. And I do the same myself, but I suggested that sometimes the hospital intervenes.

Mr. COOPER. We all regret the gentleman's misfortune of being ill, but I do not believe it was the fault of the Federal Government, and do not believe he really wants his taxes forgiven to enable him to pay his other debts.

There can be no doubt about our needing the amount of revenue now provided by law. Our net receipts for the fiscal year ending June 30, 1944, are estimated at \$33,000,000,000 and our expenditures for the fiscal year at \$104,000,000,000. Thus, we face a deficit of \$71,000,000,000 for the fiscal year ending June 30, 1944. Bear this in mind: 96 cents out of every dollar the Federal Government is now spending is for this war. This enormous debt must be paid. In the President's Budget message we are requested to raise an additional \$16,000,000,000. Your committee, therefore, does not see how we can afford to forgive \$10,000,000,000 of 1942 taxes which have already accrued and are owing by the taxpayers.

We hear a great deal of emphasis laid on the slogan: "Work or fight." I think the time has come when we might well adopt the slogan: "Pay or fight." That

is what it really comes to. Our fighting men will defeat the generals on the battlefields but we shall have to defeat General Greed and General Selfishness here on the home front.

I invite your attention to a recent news release by the Secretary of Commerce showing the national income.

NATIONAL INCOME HITS \$119,000,000,000 RECORD—JONES SEES 1943 TOTAL OF \$140,000,000,000

National income in 1942 reached a record high of \$119,800,000,000—approximately \$24,200,000,000 more than in 1941—and this year will climb to \$140,000,000,000, Secretary of Commerce Jones estimated last night.

Gross national production in 1942, he announced, also reached a new high of \$151,600,000,000—an increase of \$32,400,000,000 over 1941—and in 1943 is expected to total \$180,000,000,000.

Income payments to individuals will amount to \$135,000,000,000 in 1943, Mr. Jones predicted. Since all taxes paid out of individual income will take only \$14,000,000,000, or \$15,000,000,000 on the basis of present legislation, the consumer will have an unprecedented volume of money to save or spend, he pointed out.

If prices are held at approximately present levels so that consumers' expenditures for the available supplies are limited to about \$77,000,000,000, savings of individuals will soar well above \$40,000,000,000, Mr. Jones said. It is thus clear, he warned, that severe intensification of the inflationary threat is in prospect this year.

Individual savings in 1942 reached the phenomenally high level of \$26,900,000,000, Mr. Jones said, because the consumer's income advanced substantially while his expenditures were limited by the shortage of goods and price control. Individual savings in 1941 amounted to \$13,700,000,000.

Secretary Jones sees 1943 national income total of \$140,000,000,000. Think of it, in 1942 a national income of \$119,000,000,000, the largest in our history, and yet we are only asking the individual taxpayers of this country to pay \$10,000,000,000 of that to the support of their Government and for the preservation of their liberty, less than 10 percent of the national income. Then men stand up and say that we ought to forgive that \$10,000,000,000 that is owing to the United States Government, turn loose all the war millionaires and all of those who have made more money than they ever made in all history and at a time when the people have about \$29,000,000,000 on savings in the banks and institutions of this country. We have nearly 3 times the amount of this \$10,000,000,000 tax liability in savings. The people have the money, and we talk about forgiving \$10,000,000,000 that the Federal Treasury so badly needs and that our people have already accumulated and are prepared to pay.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. The gentleman speaks of forgiving. In this bill, the committee bill and the substitute, that applies to individuals?

Mr. COOPER. That is right.

Mr. WHITTINGTON. If the Congress of the United States is going to heed the sophistry of the Ruml plan to for-



give individuals, when individuals and corporations have heretofore been treated alike, it will be only 12 months until the corporations will come to Congress and ask for forgiveness also.

Mr. GORE. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Tennessee.

Mr. GORE. I know the gentleman does not like to carry on the example of his own case, but since he has cited it and it was so clear, will he not tell us what would happen in his case, having paid his 1942 taxes, if the Carlson bill is adopted? Would it be refunded to the gentleman or what would become of it?

Mr. COOPER. Certainly I assume it would be refunded or applied on other taxes. If they are going to forgive everybody, my Government certainly would not keep my money and deprive me of it. As long as I am participating in the writing of tax bills I would try to see to that because certainly the small taxpayer if he had only paid \$5 income tax and if everybody else is going to be forgiven, should have his money refunded to him. We certainly want to be honest about that.

Mr. GORE. We might even have to pass an appropriation bill to pay this tax back?

Mr. COOPER. It might come to something of that kind.

Mr. DEWEY. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Illinois.

Mr. DEWEY. I would like to say that I also have paid my tax and under the Carlson plan if my 1943 income is going to be higher than 1942 it would be applied to that?

Mr. COOPER. Yes.

Mr. DEWEY. I would be in the same position as the gentleman.

Mr. CRAWFORD. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. May I ask at this time, does the Ruml-Carlson plan propose to this country, and are there provisions in that bill which cancel the 1942 tax liability of Members of Congress?

Mr. COOPER. Certainly.

Mr. CRAWFORD. I think that ought to be told to the country.

Mr. COOPER. Why, certainly, it cancels every dollar of tax you owe on your congressional salary, \$2,154.

Mr. CRAWFORD. I just wanted to get that in the Record.

Mr. COOPER. Two thousand one hundred and fifty-four dollars is the tax on a \$10,000 net income. That means that every Member of Congress who votes for the Ruml-Carlson bill would vote for himself a forgiveness of his Federal income tax for the calendar year 1942. It means he could take that \$2,154 and go home and buy a farm, buy a piece of property, buy bonds, buy anything he wants. It is his, free, clear, and from now on.

Mr. CRAWFORD. Or he could give it to a child and even take it out of his estate and escape the estate tax?

Mr. COOPER. Yes, I will put something in the Record if I do not have time to reach it about the fallacy of reaching the amount forgiven in income taxes by an estate tax. Bear in mind you have a \$60,000 exemption from estate taxes. That is one thing to bear in mind.

Mr. CRAWFORD. Would it also take care of the tax liability of those Members of Congress who were here last year and were not reelected?

Mr. COOPER. Certainly. Any man who served in Congress last year and received a salary of \$10,000 during the year 1942 and did not come back to Congress this time, either voluntarily or otherwise retired from Congress, does not pay a dollar of income tax on that \$10,000 salary that he received during the year 1942 when he was serving here.

Mr. CRAWFORD. From the Treasury.

Mr. COOPER. From the Treasury, yes.

Mr. STEAGALL. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Alabama.

Mr. STEAGALL. I would like to ask the gentleman in connection with the suggestion made by the gentleman from Michigan that Members of Congress propose to vote to cancel their tax debt for last year and retain the money in their pockets. I am wondering what has become of the critics who were so abusive and critical of Members of Congress a little while ago who proposed to establish a retirement fund for Members of Congress?

Mr. COOPER. That is a very appropriate observation.

Mr. COLE of Missouri. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Missouri.

Mr. COLE of Missouri. The gentleman does not contend that these 105 new Members of Congress are voting to save themselves last year's taxes, does he?

Mr. COOPER. You are voting to save any tax that may be due for last year; yes, certainly.

Mr. COLE of Missouri. But not of your congressional pay.

Mr. COOPER. You did not receive any congressional salary last year, but whatever income you did receive and whatever income tax you paid on it, you are voting to forgive that absolutely.

I want to cite one little illustration that I mentioned in the hearings, which I think is in point with this. Suppose when I go home I meet a friend on the street, maybe some boy with whom I served in the Army during the World War, who has been a friend of mine for a lifetime. I get in conversation with him and ask him how he is getting along. He says, "Very well," but finally he says something about taxes getting pretty high. I say, "Well, how much was your Federal income tax last year, in 1942?" Suppose he says \$25. I say, "I voted for

the Ruml plan, I voted to forgive you that \$25." He says, "I appreciate that, but when you did that, did not you vote to forgive yourself about \$2,000 on your congressional salary?" I am just not going to get myself in any such spot as that.

Mr. COLE of Missouri. New Members are not forgiving themselves anything on the congressional salary because they are going to pay this year's taxes next year.

Mr. COOPER. You did not get any congressional salary last year. You were not here.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. HOFFMAN. If this would result in forgiveness to some forty-odd-million people, does the gentleman think it is a good reason, just because some four-hundred-odd Congressmen might benefit, to deny the relief to the others?

Mr. COOPER. I do not think it is wise to forgive \$10,000,000,000 in this critical time in our Nation's history.

Mr. HOFFMAN. If you are going to serve 40,000,000 other taxpayers, does the gentleman believe they should be denied relief just because some 400 Congressmen are going to get a little relief?

Mr. COOPER. I am not saying that Members of Congress receive the only relief.

Mr. HOFFMAN. But that is the reason you would not vote for it, because you were going to get something out of it?

Mr. COOPER. I am just saying that is one additional reason. I am saying that these war millionaires, these people who have made enormous profits on war contracts, should not be forgiven all their 1942 taxes.

Mr. HOFFMAN. Are you not going to get them under other tax provisions?

Mr. COOPER. No.

Mr. HOFFMAN. Why not? The gentleman is on the committee.

Mr. COOPER. If you forgive it, you do not get it at all.

Mr. HOFFMAN. You can tax war profits.

Mr. COOPER. What is the sense in levying taxes and then voting to forgive the tax?

Mr. DEWEY. Mr. Chairman, will the gentleman yield on the matter of congressional salaries?

Mr. COOPER. I am sorry; I should like to go ahead.

Mr. DEWEY. I have some interesting figures.

Mr. COOPER. The gentleman will have time on the bill. I hope he will allow me a little time to proceed here.

I want to touch on a further point that I think is of some interest. We have heard a great deal of talk about the lost revenue on account of individual income-tax assessments being abated as uncollectible. I present a table on this point covering the fiscal years 1921 through 1942, which shows the amount lost in each of those years, the number of taxpayers, the income tax collected from

individuals, the number of uncollectible individual income-tax items, and the amounts for the fiscal years 1921 through 1942:

Number of taxpayers, income tax collected from individuals, number of uncollectible individual income-tax items, and amount for the fiscal years 1921 through 1942

[Amounts shown in thousands of dollars]

Fiscal year ending June 30	Number of taxable individual income-tax returns <sup>1</sup>	Income tax collected from individuals <sup>1</sup>	Individual income-tax assessments abated as uncollectible			
			Number of items	Percent of total collections	Amount <sup>1</sup>	Percent of total collections
1921	5,874	1,284,799	10,220	0.2	3,168	0.2
1922	3,702	1,056,398	13,395	.4	4,152	.4
1923	3,730	885,116	42,504	1.1	9,650	1.1
1924	4,305	762,120	32,709	.8	6,045	.8
1925	4,514	845,426	33,986	.8	9,144	1.1
1926	2,558	879,124	60,389	2.4	24,230	2.8
1927	2,486	911,940	31,953	1.3	9,664	1.1
1928	2,455	882,727	22,885	.9	23,659	2.7
1929	2,489	1,095,541	12,552	.5	28,506	2.1
1930	2,516	1,146,845	7,137	.3	20,477	1.8
1931	2,078	833,648	6,267	.3	11,195	1.3
1932	1,575	427,191	7,769	.5	20,204	4.7
1933	1,946	352,574	8,090	.4	14,042	4.0
1934	1,782	419,609	11,696	.7	13,943	3.3
1935	1,836	527,113	11,093	.6	14,643	2.8
1936	2,160	674,416	7,371	.3	6,994	1.0
1937	2,933	1,091,741	11,843	.4	12,497	1.1
1938	3,398	1,286,312	7,841	.2	9,492	.7
1939	3,093	1,028,834	13,554	.4	12,832	1.2
1940	3,985	982,017	20,194	.5	11,552	1.2
1941	7,577	1,417,655	10,075	.1	7,998	.5
1942	14,608	3,262,800	12,050	.1	9,838	.3
Total for 22-year period	81,599	22,053,845	395,573		278,024	

<sup>1</sup> Figures are rounded and will not necessarily add to totals.

Source: Bureau of Internal Revenue, Statistics Section, Income Tax Unit

I shall not read all of these, but for the year 1921 the individual income-tax assessments abated as uncollectible were two-tenths of 1 percent, and for 1942—last year—three-tenths of 1 percent, just one-tenth of 1 percent more last year than in 1921, the lowest year on record. The highest point ever reached was 1932, the year of the depression, when the assessments abated as uncollectible amounted to 4.7 percent. In 1942, the most prosperous year in all the history of the country—the year of the highest national income—it was only three-tenths of 1 percent.

In Great Britain today there are only 80 persons who have a net income of \$24,000 or over. This applies to investments, as well as salaries.

The Ruml plan forgiveness would wipe out a large part of the tax increases imposed to finance this war. In the case of a person with \$2,000 net income, it

would wipe out 77 percent of the tax increases imposed in the last 3 years. At the \$100,000 level the amount forgiven would equal 102 percent of these increases, and at the million-dollar level it would amount to 320 percent. In effect the Ruml plan would force a shift of part of the tax burden from the few at the upper end of the income scale to the many at the middle and lower end, and I would like to present here 2 tables showing the effect of the Ruml plan in income groups:

#### EFFECT OF RUMI PLAN

##### ALL INCOME GROUPS

The total estimated amount of income taxes to be reported by individuals on 1942 incomes is \$9,815,000,000. Under the original Ruml plan this represents the amount to be canceled in order to place all taxpayers on a pay-as-you-go basis.

The distribution by net-income classes is as follows:

TABLE 1.—Estimated number of taxpayers, net income, and taxes for 1942, by net income classes; and average tax

Net income classes	Number of taxpayers	Net income	Income tax	Average tax per taxpayer
Under \$1,000	9,385,000	\$7,518,000,000	\$318,000,000	\$33.88
\$1,000 to \$2,000	17,363,000	25,802,000,000	2,170,000,000	124.98
\$2,000 to \$3,000	6,887,000	16,564,000,000	1,176,000,000	170.76
\$3,000 to \$4,000	2,697,000	9,349,000,000	627,000,000	232.72
\$4,000 to \$5,000	1,176,000	5,252,000,000	645,000,000	548.47
\$5,000 to \$10,000	945,000	6,178,000,000	1,024,000,000	1,085.90
\$10,000 to \$25,000	299,000	4,369,000,000	1,193,000,000	3,989.97
\$25,000 to \$100,000	75,000	3,051,000,000	1,470,000,000	19,600.00
\$100,000 to \$200,000	4,300	568,000,000	397,000,000	92,325.54
\$200,000 to \$500,000	1,200	345,000,000	275,000,000	229,166.67
\$500,000 to \$1,000,000	200	147,000,000	126,000,000	630,000.00
\$1,000,000 and over	60	99,000,000	94,000,000	1,566,666.64
Total	38,831,560	79,242,000,000	9,815,000,000	252.76

TABLE 2.—Amount of taxes to be canceled at selected levels of net income—married persons—no dependents

Net income before personal exemption	Amount of tax at 1942 rates <sup>1</sup>	Net income after tax
\$1,200		\$1,200
\$1,300	\$13	1,287
\$1,500	48	1,452
\$2,000	140	1,860
\$2,500	232	2,268
\$3,000	324	2,676
\$4,000	632	3,468
\$5,000	746	4,254
\$10,000	2,152	7,848
\$15,000	4,052	10,948
\$20,000	6,452	13,548
\$25,000	9,220	15,780
\$50,000	25,328	24,672
\$100,000	64,060	35,940
\$500,000	414,000	86,000
\$1,000,000	854,000	146,000
\$5,000,000	4,374,000	626,000

<sup>1</sup> Excludes Victory tax. Rates based on 1942 Revenue Act assume maximum earned income credit and no net long-term gains.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 10 minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. COOPER. I will only take time to refer to a few of these—net income classes \$100,000 to \$1,000,000: We have 4,300 of those, and the net income is \$568,000,000. Income tax, \$397,000,000 and the average per taxpayer \$92,000 plus. Now we have 200 people who had an income between \$500,000 and \$1,000,000. That income was \$147,000,000 and the tax \$126,000,000. Over \$1,000,000 there are 60 people. Each one of those 60 people with incomes of \$1,000,000 would be forgiven \$824,000 under the Ruml plan.

Mr. HOLIFIELD. Is it not true that that amount of money will be the total of what they will make in the next 6 years from any income for the next 6 years if their business continues at the same rate of income?

Mr. COOPER. The gentleman is correct. For these 60 people who had a million dollars or more of net income that one year, it would forgive them under the Ruml plan \$854,000 of taxes, and that means that they are forgiven more than they could save in the next 6 years, if they saved every penny that they had above taxes; and if they saved half of all they made above taxes, it would take 12 years to overcome to this forgiveness to them.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. GORE. Then this Ruml plan looks like a redistribution of wealth in the wrong direction.

Mr. COOPER. It is a forgiveness of wealth. Of course, it amounts to that. Whatever you forgive them now in taxes, you are going to have to levy on somebody else to make it up. There cannot be any doubt about that. You cannot give away \$10,000,000,000 and not have to raise that



money and get it into the Treasury from some source, with the expenditures we are now making for this war. That means then when you forgive it to those large taxpayers, in the upper brackets it is gone forever. You never can get it back from them, because the rates in the higher brackets are about as high as you can make them. That means that all of this forgiveness will have to be reimposed in the form of income tax on the middle and lower income-tax groups. There is no escape from that. This Ruml plan is directly in the interest of the wealthy taxpayers of this country, in the interest of these people who have made such enormous profits out of this war. Think about it for a moment. Last year we labored for months, and the House passed by an overwhelming majority the 1942 revenue bill. There was no criticism anywhere that we heard of against those rates and against the revenue under the 1942 tax bill. Then a few months later we come in and say, "We are going to forgive you all of that; we thought we were right in passing the 1942 revenue bill; the Government needed the money and it had to have it to finance the war, but now we have decided we were mistaken then, and we do not have to have it, and we just forgive you all of that, so that you can now take it and use it as you please as a generous gift from your Government in the most critical period of the Nation's history."

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. COOPER. Yes.

Mr. LYNCH. Does it not also mean that when the soldiers come back from the war and go into civil life, their tax will be larger than it ordinarily has been by reason of this forgiveness of \$10,000,000,000?

Mr. COOPER. Absolutely. There is no doubt about that. It not only means that this has to be made up by increasing the taxes of people in the lower and middle brackets but also increase the burden placed upon the future generations, and placed upon the soldiers who are now baring their breasts to the hostile enemy bullets on the battlefield, fighting for your country and mine to preserve our liberty and bring Old Glory back again victorious to us. In effect we will say to them, "We stayed at home; we did not either pay or fight; you had to do the fighting; and when you come home you will have to help do the paying; you will have to help pay for the guns and ammunition that you used over there while you were fighting for us."

It is unfair; it is indefensible to take any such position as that.

Mr. COLE of Missouri. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. COLE of Missouri. Will you just explain, please, when this forgiveness will take effect? If the 1943 tax is based on the earnings of 1942, as proposed by the Carlson plan, and you pay the tax in 1943, just when will the forgiveness take place?

Mr. COOPER. Unfortunately for the distinguished gentleman, he is allowing himself to fall for the fallacious argument that has been advanced in favor of the Ruml plan. I know when I am forgiven a tax of about \$2,000 on my 1942 income I have got that money in my jeans right then, and can go out and use it.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. WRIGHT. Do not the proponents of the Ruml plan make this fallacious assumption, that is, that wartime prosperity is going to continue forever? In other words, we are depriving the Government of the revenue from one of the greatest boom years we will ever have, and, if you go into the future, you will find that that prosperity will diminish, and you will get into a period of lower income, and you are losing the income of the boom years of the country?

Mr. COOPER. Certainly. In all common sense and fairness, if there is ever to be forgiveness of taxes, we should wait until after this boom period, the highest national income in all of our history, is over, and we find people in a depression. Then is the time to talk about forgiving taxes, but not forgive them when they are making more money than they ever made in all history.

Mr. MURDOCK. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. MURDOCK. On listing Members of Congress who are parents of sons or daughters in the Army, or grandsons or granddaughters, I find there are more than a hundred such parents here. I wonder if the gentleman can find any logic or reason by which any one of those parents or grandparents can forgive this debt due to the Government by war profiteers received for war purposes, and thus pass that additional interest-bearing burden on to his son or daughter or grandchildren?

Mr. COOPER. No; I cannot, and I do not believe anybody else can feel right in doing it.

Mr. MURDOCK. I myself have been unable to figure out any justification for our passing on the debt to be paid by those through a long future who are now paying in blood.

Mr. COOPER. Now I want to present here a statement of Mr. Paul, General Counsel for the Treasury Department, made before the Ways and Means Committee on February 15, 1943:

#### DEFECTS OF THE RUMI PLAN

The so-called pay-as-you-go income tax plan proposed by Mr. Beardsley Ruml has the following major defects:

1. By fully canceling individual income taxes on the high 1942 incomes and profits, it would seriously violate the principle of ability to pay.

a. It would bestow the greatest benefit on those best able to pay and the smallest benefit on those least able to pay. About 60 taxpayers with million-dollar incomes in 1942 would each receive a benefit of at least \$854,000. At one stroke, the Ruml plan would

add to their wealth more than they could save in 6 years, even if they saved every cent of their income after taxes. The benefit to a person with a \$100,000 net income would be about \$64,000; to one with \$10,000 income, about \$2,150; and to one with \$2,000, only \$140. Those who had no income in 1942 would receive no benefit whatsoever.

b. In view of war revenue needs, tax collections will have to be increased substantially. Speeding up the payment of taxes, without the forgiveness of any taxes, will provide part of the increase in tax collections needed. Complete forgiveness will mean that tax collections can be increased only by tax rate increases. These increases will necessarily fall in large part on the smaller incomes because the rates on large incomes are already very high. Forgiveness would in effect shift part of the tax burden from the few at the upper end of the income scale to the many at the middle and the lower end.

c. Only those who had incomes in 1942 would benefit from tax forgiveness but all who will receive incomes after 1942 will bear the burden of the tax increases. In other words, tax burden would be shifted from old to new taxpayers. Those in the armed forces would not share in the benefits but would share in the costs when they return to civilian life.

2. The cancellation of a year's taxes would be a psychological deterrent to the war effort.

a. It would be injurious to the morale of the armed forces, since it would imply economic gain rather than economic sacrifice on the home front.

b. It would lead people to expect lower taxes at a time when higher taxes cannot be escaped.

c. It would release funds which had been set aside for taxes already due and would thereby contribute to the psychology of inflation.

3. The Ruml plan cannot place the income tax on a pay-as-you-go basis. The tax paid in any one year would be determined by incomes received during the 2 preceding years. Tax payments in 1944 would consist of a tentative tax based on 1943 income, together with an adjustment to take account of the change in income between 1942 and 1943. The Ruml plan presupposes that incomes are stable, whereas in more than two-thirds of the cases, income fluctuates substantially from year to year. The continual adjustments made necessary by income fluctuations would throw tax payments even further out of step with income than they are at present.

4. The collection of taxes under the Ruml plan, which requires both the taxpayer and the Government to work with 2 years' incomes to determine each year's taxes, would complicate tax administration and taxpayer compliance.

5. It is important that the income tax be placed on a pay-as-you-go basis. Collection at source must be the keystone of a pay-as-you-go plan. If collection at source is combined with the Ruml plan, it would have to be unnecessarily complex. A workable collection at source plan can be achieved directly without cancellation of a full year's taxes.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. BROOKS. Before the gentleman concludes, I wonder if the gentleman can give us his ideas on the Forand plan, H. R. 277?

Mr. COOPER. I am sorry, but I will not have time.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. WOLCOTT. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. WOLCOTT. Frankly, I am a little disappointed at the gentleman's answer to the gentleman from Missouri [Mr. COLE].

Mr. COOPER. I am sure the gentleman can give a better answer.

Mr. WOLCOTT. No, not that, but as to when this forgiveness takes place, because, frankly, that has been bothering us a great deal. I feel the gentleman knows more about this than most of us. The gentleman has made a very effective argument that there is forgiveness of the tax on a million-dollar income, if it accrues in 1942, if an income of that kind is reduced to \$25,000 in 1943. Now, as I understand the Carlson plan, if the income is over \$20,000 in 1942 he must pay upon whichever is the higher, 1942 or 1943. And unless the gentleman can answer that satisfactorily, I think the effect of his argument is entirely lost.

Mr. COOPER. I think I may be able to help the gentleman some. If I may be permitted, I was about to proceed to an analysis—

Mr. WOLCOTT. Well, cannot the gentleman answer the question as to when this forgiveness will take place, provided the salaries are over \$20,000?

Mr. COOPER. I say that when you forgive 1942 taxes, the forgiveness is right then. There is not any doubt about it. I received a salary for 1942. If I had not paid my taxes on February 15, as I did, that would be forgiven to me. I could take that money and go out and use it. It is forgiven right there.

Mr. WOLCOTT. Does the gentleman make that statement with knowledge of the fact that the Carlson proposal anticipates of the 1942 taxes, provided it is over \$20,000?

Mr. COOPER. The Carlson bill forgives everything below \$20,000.

Mr. WOLCOTT. But you are talking of these million-dollar salaries. If the salaries are over \$20,000—

Mr. COOPER. Please do not take all of my time. I get your point and I will try to answer it. These questions were asked about salaries within the range of Members of Congress and I was trying to explain that. But the Carlson bill forgives all taxes for 1942 up to \$20,000. There is no mistake about that.

Mr. McCORD. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. McCORD. If the sentiment that has been created over this word "forgiveness" were really out of this plan and we would call it an out-and-out contribution of a debt that is actually owed the people, would there be very much sympathy for it?

Mr. COOPER. I do not think so. I think all this talk about people just wanting to get current, all this talk about various other phases of this thing—the outstanding, the biggest, the most popular of all is forgiveness of the tax. There is not any doubt about that.

Mr. Chairman, I would like to speak briefly about the antiwindfall provisions of the Carlson bill. The advocates of the Ruml-Carlson bill, as they call it in the minority report, claim that its provisions "make it impossible for war profiteers or persons of wealth to escape their just share of the tax burden." That is exactly the question the gentleman from Michigan [Mr. WOLCOTT] asked, and they say that statements to the contrary are "ridiculous" and "utterly without foundation." Let us see what the facts are. There are two provisions in the Carlson bill which are supposed to accomplish this result. The first is that for incomes above \$20,000, the smaller of 1943 and 1942 taxes will be forgiven. That is above \$20,000. Obviously this will not "make it impossible for war profiteers or persons of wealth to escape their just share of the tax burden," because both 1942 and 1943 are war years and large war profits in many cases are being received by the same people in both of these years.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee may proceed for 5 additional minutes.

Mr. KNUTSON. Mr. Chairman, reserving the right to object, so far the majority has used 167 minutes and we have used only 48.

Mr. DOUGHTON. The gentleman from Minnesota can yield time as soon as the gentleman from Tennessee finishes.

Mr. KNUTSON. Certainly it is not fair for the gentleman's side to empty the Chamber on us and then have our speakers go on with nobody here to listen to them. The fair thing to do is to let us have our time tomorrow.

Mr. DOUGHTON. The committee is going to sit here until 5 or 5:30.

Mr. KNUTSON. Will the gentleman agree that we can go on tomorrow morning and use our time?

Mr. DOUGHTON. We will go ahead until 5 or 5:30 this evening; the gentleman can use the time between now and then.

The CHAIRMAN. The Chair wishes to state to the gentleman from Minnesota that the Chair will see that the time is evenly divided.

Mr. DOUGHTON. I am not responsible for the interest of the Members. If the Members are interested in what the speakers have to say, they will stay here; if not, they will go.

Mr. KNUTSON. I want to have an understanding about this so we are not placed at a disadvantage.

Mr. COOPER. May I inquire if the gentleman contemplates objecting to my having 5 additional minutes?

Mr. KNUTSON. No; but I want an understanding because there is such great discrepancy in the time so far.

Mr. COOPER. I just wanted to know if that was going to be the gentleman's attitude.

Mr. KNUTSON. No, no, no; I have no objection to the gentleman's having additional time. All I want is an understanding about the division of time and suggest that we be allowed to go on in the morning. I have no objection to the gentleman's making his statement.

The CHAIRMAN. Has the gentleman withdrawn his objection?

Mr. KNUTSON. Mr. Chairman, I withdraw my objection.

The CHAIRMAN. The gentleman from Tennessee is recognized for 5 additional minutes.

Mr. COOPER. The second provision relied on by the advocates of the Carlson bill imposes a special tax on the amount by which the income in both 1942 and 1943 exceeds the 1941 income, or \$50,000, whichever is greater. There are three defects which make it impossible for this provision to do what the advocates of the Carlson bill say it does. In the first place, the year 1941 is taken as a normal year, but 1941 was a year of wartime incomes. When Congress in 1940 passed an excess-profits tax it considered 1940 as a year of war profits; 1941 was the second year in which the excess-profits tax on corporations was in full operation. Can any special tax to eliminate war-profit windfalls be effective which takes the income of a war year as the base? Obviously not.

The second defect with this so-called antiwindfall provision is its high exemptions. If the income was below \$50,000 in 1942 the provision does not apply. If the 1942 income is not \$50,000 more than the 1941 income the provision does not apply. If the 1941 income was less than \$50,000 the normal income is assumed to be \$50,000. A lot of war profiteers will escape under these exemptions; there cannot be any doubt about that.

Mr. CARLSON of Kansas. Mr. Chairman, will the gentleman yield at that point?

Mr. COOPER. Will not the gentleman permit me to conclude?

Mr. CARLSON of Kansas. The gentleman made one statement that I think he will want corrected.

Mr. COOPER. The gentleman certainly will have time of his own on the bill. I hope he will not interrupt.

Mr. CARLSON of Kansas. I just wanted to tell the gentleman that the 1941 payments represented the tax on 1940 incomes.

Mr. COOPER. The excess-profits tax for corporations applied even to 1940, because we considered it a war year; we knew that.

In the third place, the rate of tax is not 90 percent as under the excess-profits tax on corporations; it is not even 70 or 88 percent, as under the individual income tax at these levels. It is 25 percent of the first \$500,000, and if there is any amount above that it is 50 percent. The average rate will scarcely be more than a fraction above 25 percent, but assume the average is 30 percent. Is a 30-percent rate the equivalent rate of a 90-percent excess-profits tax or the 70- or 80-percent income tax? Obviously not, and, if



not, the Carlson bill does not make it impossible for war profiteers to escape their just share of the tax burden.

Indeed, let us take the example that the minority themselves used in their attempt to show how good their plan is. It takes the example of John Smith who had a taxable income for 1941 of \$100,000 and for 1942 and 1943 of \$1,000,000. John Smith's tax for 1942 under existing law would be about \$854,600. Under the Ruml-Carlson bill, even this extreme case of increase above 1941, would pay only \$325,000.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

Mr. COOPER. Mr. Chairman, there is still a saving under the Carlson bill of \$529,600, or more than half of the whole year's income. And yet, with this as their own example, the advocates of the Carlson bill say that this so-called antiwindfall provision makes it impossible for war profiteers to escape their just share of the tax burden.

Let me give you another example. Here is the case of a man whose peacetime income was about \$10,000. After the war starts and the United States gets its defense program into operation, he steps his income up to \$100,000 a year, beginning in 1940 or 1941 and he continues to get that amount. That \$100,000 a year is war profits. He makes it because of the war. Does the Carlson bill do anything about that case? Not at all.

It says, in effect, that such profits are not windfall profits at all and that it is entirely proper to forgive the tax for 1942 on the \$100,000 of income. That man will have his \$36,000 after tax augmented by the additional \$64,000. And yet the advocates of the Carlson bill say that under that bill it is impossible for war profiteers to escape their just share of the tax burden.

I would like to make it clear, however, that even if the advocates of the Ruml-Carlson bill thoroughly revise these provisions and make them really effective in preventing the escape of war profits, the bill still would not carry out its advocates' assertion that it is impossible for "persons of wealth to escape their just share of the tax burden." The windfall to wealthy persons is present under the Ruml plan even though that income has been received each year since before the war.

Let me give you an example. Here is John Jones with an income of \$3,000 a year. He has had that income of \$3,000 since 1940. His 1942 tax is \$324. Now, so far as his saving and spending is concerned, his income after tax is not \$3,000 but \$2,676. Here is John Brown. He has had a \$100,000 income each year since 1940. His tax for 1942 is about \$64,000. The income he has to spend and to save is not \$100,000 but \$36,000. Now, what does the Carlson bill do? It forgives John Jones \$324 and it forgives John Brown \$64,000, and

the proponents of the bill say that is right and fair. But let us see what happens. John Jones has his \$2,676 of income increased to \$3,000, or about one-ninth. It is the equivalent of about 5 or 6 weeks' additional income to him. But John Brown has his \$36,000 increased to \$64,000, or close to double. He has had an increase in income of about 20 months' income.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina, [Mr. DOUGHTON]?

There was no objection.

Mr. COOPER. Mr. Chairman, Is John Brown really paying his just share of the tax burden? Is there no windfall there? Is it fair and equitable to increase John Jones' wealth by only 5 or 6 weeks income, while John Brown's wealth is being increased by over 20 months income? Certainly this is not fair and equitable treatment. Yet the proponents of the Carlson plan say this is the proper application of progressive taxation.

#### CANCELATION OF THE 1942 TAX

This Carlson bill embodies the most alluring yet most dangerous provision of the Ruml plan. It would forgive 1 year's taxes. It would wipe out a \$10,000,000,000 debt, a debt to the public. Taxpayers would be freed of an obligation to their Government. They would be freed because the creditor cancels the debt not because they as debtors meet their responsibilities. Wiping out 1 year's tax is too great a departure from the requirements of sound finance to pass as a mere bookkeeping or accounting formality. Soothing phrases will not soften the hard realities of the situation.

Let us face facts. Everyone with a taxable income in 1942 would have his debt to the Government wiped out. He would be made better off financially. His net worth would be increased, not because of any sacrifice, thrift, or wise investment on his part, but because one of his liabilities, the liability to his Government, has been canceled. True, his cash payments to the Treasury may remain roughly the same for several years. But whether now or 10 years from now, he will sometime cash in on the windfall. Then his cash position will reflect today's improvement of his debt position. If he were to retire now, he would realize his cash benefit now.

This proposed solution to a difficult problem has a dangerously deceptive appeal. Since we are all human, we are probably all a little pleased, even though we may not admit it, at the prospect of escaping tax on 1 year's income. This is especially true when the tax is the highest in our history. If we look at the situation honestly, however, we must recognize its folly and its inequity.

Ten billion dollars of wealth would be distributed among the American public. The distribution of this vast sum would

vary widely. Millions of our citizens, those in the poorest economic circumstances, would gain no benefit. Millions would receive a few dollars only. A few, however, would receive hundreds of thousands or millions of dollars. Taxpayers with million-dollar incomes would receive a benefit of \$954,000 each. At one stroke this plan would add to their net worth more than they could save in nearly 12 years if they saved half of all their income after taxes. A person with \$100,000 net income would receive a benefit of \$64,000. This is not equality.

Such cancellation would seriously violate the basic principle of taxation, the adjustment of burden according to ability to pay. It would distribute benefits not in proportion to need, but, on the contrary, in inverse proportion. The greatest benefit would go to those with the least need. This point is so strikingly obvious that it need not be labored. The examples that have been presented during the last few months' discussion can leave no honest man in doubt of its validity. Cancellation would constitute irresponsible shirking of our duties to the Nation as a whole. History would not overlook such a betrayal of trust.

Who would pay the bill? Who would meet the burden that this selfish action on our part would create? To some extent those in the lower income groups would foot the bill. Their tax rates can be increased more than the rates on persons in the upper brackets. In the upper ranges rates are so high now that the possible increases are small. Perhaps it is recognition of this fact that has made the plan so popular among those groups who can be expected to look beneath the surface to see what things really mean. The fact is that the proposal has not aroused the storm of protest one might expect from those who would suffer. The public has been deceived. It has not been shown that we can get collection at source without handing taxpayers a \$10,000,000,000 gift. Such widespread misunderstanding increases our responsibilities as representatives of the whole public.

More serious, perhaps, is the burden that would be shifted to future taxpayers who cannot be expected to raise their voices today. Everyone with a 1942 taxable income would benefit. Those becoming subject to tax in later years would receive no benefit. Thus a person with 20 years of taxable income, one of which was 1942, would pay tax on 19 years' income only, whereas a person with 20 years' taxable income beginning in 1943 or a later year would pay tax on 20 years' income. By passing this bill, we would be seizing a benefit that would never be available to future taxpayers. None of us wish to benefit ourselves by increasing the burdens of future taxpayers. When those of us in this room first earned taxable income, we waited till the next year to pay the tax. This bill would free us from any requirement to pay when our taxable income stops, but it would force those following us to pay for every year. I maintain that such action is unfair.

IF CANCELCATION DOES NOT REDUCE THE TREASURY'S RECEIPTS, IT IS BECAUSE HIGHER BURDENS ARE IMPOSED ON SOME TAXPAYERS

Proponents of plans for fully canceling liabilities on 1942 income have asserted that such cancelation would not result in a decrease in the Treasury's cash receipts this year. Sound tax policy, particularly in wartime, requires, however, that we look not only to the total amount of tax receipts; we must also look to the sources from which the money comes. It may be true that if certain changes are made in our system of collecting income taxes, the full cancelation of the 1942 liabilities will not result in a decrease in Treasury receipts. It will, however, significantly alter the burden of the taxes among different persons. It is important that we consider just how the burden would be altered by full cancelation. Only then can we decide whether this is what we really desire to do.

The result of full cancelation over the next few years would be that all persons who had taxable income in 1942 would pay less than they would were it not for full cancelation. In any 1 year, including 1943, certain persons would be relieved entirely of a year's income tax. These losses in revenue could be made up only by increasing tax rates and lowering exemptions, or by making some people pay their taxes earlier than they otherwise would. It is assumed, of course, that cancelation will not be repeated in the future.

To require certain people to pay their tax a year earlier than they otherwise would will certainly tend to increase Treasury receipts as new taxpayers become subject to tax. The explanation of the fact that receipts under such a plan as that in the Carlson bill would not fall in 1943 is to be found in this speeding up of collections from new taxpayers and taxpayers with rising incomes. There would be losses, however. The losses would be felt gradually.

The plain arithmetic of the matter is that if we cancel the \$10,000,000,000 of liabilities on 1942 incomes we can never collect \$10,000,000,000 now on the books. The loss would be felt as individuals drop out of the body of taxpayers and as incomes decline. If we were to speed up collection, as the committee's bill would do, without cancelation, our receipts would be larger. It is these receipts that must be compared with those under the Carlson bill. Such a comparison will demonstrate the loss of revenue produced by cancelation.

This will have to be collected from incomes in 1943 and following years. By allowing 1942 incomes to be tax-free, we compel ourselves to impose greater burdens than would otherwise be necessary on incomes received in 1943 and subsequent years. It is here that we observe the gross inequities that would result from full cancelation. Since rates on higher incomes are already so high that they cannot be sufficiently increased to make up for the loss from cancelation, the increased burden must of necessity fall on the middle and lower income

classes. Simply stated, cancelation of 1942 taxes would shift billions of dollars of the cost of the war from persons with large incomes to those of only moderate means and those in the lower income groups.

A further inequity of full cancelation is apparent when we note that only persons who had taxable income in 1942 would benefit from cancelation. The future generation would reap no benefit from the cancelation. They would feel its results, however, because their tax burdens would have to be greater to make up for the cancelation. For them no year would be skipped. They would pay on every year's taxable income. All of us, however, would escape tax on 1 year's income and shift the cost in higher rates to our children.

CANCELCATION OF TAX ON 1942 INCOME WOULD DISCRIMINATE AGAINST THE MILLIONS OF TAXPAYERS WITH SMALL INCOMES

The Carlson bill would discriminate against the small taxpayer. The forgiveness of a year's tax to those persons who in 1942 had little or no tax liability means nothing. To a man with a million-dollar income in 1942 the saving is \$854,000. This large-income taxpayer has probably saved for his taxes. He may have bought tax anticipation notes. He may have set up a special bank account. He may have done any number of things to prepare for the payment of the tax. If the Carlson bill were enacted, this tax would never become due and these people would realize a real immediate saving. This saving is not one which is deferred until judgment day, or until death. It is real and actual in the year 1943, a year when ostensibly we are calling upon all America to share in the financial burdens of the war.

Large taxpayers are already upon a pay-as-you-go basis. They may not pay the taxes over to the Government until they are due, but each taxpayer in his way may accrue his tax over the year so that his 1942 liability in effect has been paid out of his 1942 income. For such taxpayers forgiveness of a year's tax is nothing more nor less than the presentation to them of that amount of money at the expense of taxpayers generally.

The Carlson bill discriminates in favor of large taxpayers in still another way. It makes no special provision with respect to the treatment of capital gains. The effect of this is to forgive the tax on capital gains realized during 1942. If there is to be any forgiveness it should be in those cases where it is necessary to relieve hardships. Can there be any reason why gains derived from stock-market transactions or other forms of capital gains should be allowed to escape tax free when the income of the worker in a defense plant is to be subjected to the highest rates of taxation ever known in this country? Certainly there is no excuse for not having funds with which to pay the capital-gains tax. Even Mr. Ruml, who first preached the sophistry of tax forgiveness, realized that there was no satisfactory case for the forgiveness of the tax on capital gains. His revised plan would not forgive the tax

on capital gains. The Carlson bill, which has been described as a modification of the Ruml plan designed to overcome some of its shortcomings, turns out as even more objectionable than the Ruml plan for not only does it forgive a year's tax on ordinary income as does the Ruml plan but in addition it allows capital gains derived in 1942 to escape from tax. I need not criticize this phase of the Carlson bill any further. The defenders of the Ruml plan have already done that.

The desirability of pay as you go is not being questioned, but it may be questioned whether the introduction of pay as you go demands as its price the introduction of substantial inequities into our tax system. We can have pay as you go without injustice to the great masses of our taxpayers. The Ways and Means Committee has indicated one method. There may be other methods. I do not speak in favor of any of these at the moment. I speak in opposition to any plan which presents windfall gains to a few of our taxpayers and forgives the tax on capital gains.

LITTLE OF THE TAX CANCELED BY H. R. 2245 WOULD BE RECOVERED BY HIGHER ESTATE-TAX RECEIPTS

Advocates of cancelation of year's tax have frequently asserted that what the Government loses, or individual taxpayers gain, would eventually return to the Government in higher estate-tax receipts. Their failure to cite figures may give some clue as to the true importance of this point. So far as I can determine, a small part, in fact a negligible part, of a \$10,000,000,000 total would be recovered under present estate-tax rates and exemptions. Let us look at the facts.

At the present time the estate-tax exemption is \$60,000. There is in addition a gift-tax exemption of \$30,000 and generous exclusions under the gift tax that in effect increase the exemption substantially. If the \$10,000,000,000 of 1942 tax forgiven is distributed among roughly 39,000,000 persons, little of the total will ever be subject to estate tax. In 1941, for example, there were about 8,300 persons leaving net estates before exemption of \$60,000 or more and about 10,300 leaving \$50,000 or more. Over the next 35 years, approximately a generation, less than 375,000 persons will leave estates that will be taxable under the present law. This is less than 1 percent of the number having tax canceled on 1942 income. This is indeed a small percentage.

On the basis of 1941 figures at present estate tax rates, five-eighths of the taxable estates would have been subject to a maximum rate of 28 percent. Therefore, of this 1 percent of 1942 taxpayers, five-eighths would find that the tax forgiven would be subject to an estate tax rate of not more than 28 percent. There would be fewer than 100 cases a year in which the Government would recover half or more of the windfall. Furthermore, all of this recovery would not come to the Federal Government because a



part of the Federal tax on such estates never reaches the Treasury; it is turned over to the States.

It is absurdly unrealistic to assume that every taxpayer with a potentially large enough estate to be subject to estate tax will retain the income tax windfall until death. Some will lose the property in one way or another, others may consume it, and others may give it away before their death. At the time of gift the chances are that it will escape tax because of our generous gift tax exemption and exclusions. However, even if it is subject to gift tax, the gift tax rate is apt to be much lower than the rate of the estate tax.

Obviously an addition to the wealth of taxpayers will increase the amount of estate tax paid in some cases. It is foolish, however, to count upon receiving any substantial recoupment through the estate tax of the income tax lost as a result of the Carlson bill.

I should like to put into the RECORD some figures indicating the amount of the income tax recovered by the estate tax in a few sample cases. These figures illustrate that the amount recovered by

the Treasury will depend upon the amount of other property in the taxpayer's estate. Income tax that is forgiven for persons with large accumulations of capital will fall into higher estate-tax brackets, by and large, and hence be taxed by higher rates than amounts forgiven persons with little property. If Congress desires to raise the relative burden on persons with incomes from property as against executives and professional persons with similar incomes largely from earnings, then we should do so frankly and directly.

Perhaps you recall that Mr. Ruml has proposed an additional estate tax designed to recover part of this loss. I am frank to admit that I cannot see how such a tax could be made to operate in practice. But that is beside the point now because the Carlson bill does not contain even this gesture for mitigating the inequity of forgiveness.

Let us not try to salve our conscience by speciously assuming that any substantial part of this hand-out will be recovered by the estate tax. The facts indicate only too clearly that such is not the case.

bad at any time, comes at a singularly inopportune moment. We can ill afford to distribute bonanzas to the makers of swollen war profits and to the recipients of swollen war incomes, at the same time that we are placing heavier burdens on persons receiving incomes below what have been heretofore considered peacetime minimum standards of ability to pay income tax, and at the same time that members of the armed forces and, in many cases, their families are making grave sacrifices without adequate monetary rewards.

I can hardly conceive of anything so unfair as a plan which would permit a comparatively few wealthy taxpayers to make capital out of a wartime situation at the expense of the millions of taxpayers. The distribution of windfalls to the few is nominally at the expense of the Treasury. Actually it is at the expense of the millions of individuals of small and moderate means who must contribute heavily to the program of mass financing which must be the basis of any financial program for total war.

The technique of tax forgiveness must be used if at all with the utmost caution. It is particularly dangerous when revenue needs are great, and it is especially important to keep a taut financial ship. It means narrowing the basis which must carry the load, by chopping out a sizable segment of ability to pay. The result is that increased taxes must be based on ability to pay as measured by income over a shorter period of time—shorter by 1 year—and this is an important year because it is one of abnormally high income. It is not intelligent and it is not fair to gage the payment of wartime taxes by the fall of loaded dice, loaded in favor of the large income receiver in general and particularly loaded in favor of the man who happened to have an especially large income in a critical war year.

Wartime tax schedules must be drawn up with the greatest care and consideration. Members of this House, and particularly the members of the Ways and Means Committee, are fully and keenly aware of the thought and attention which must be given to the exacting task of allocating increased burdens. It would be worse than senseless to throw such a monkey wrench as the proposed scheme of tax forgiveness into the works. Let us not toss emery dust into the delicate mechanism of the American tax system. Let us put the system on a current collection basis without smashing it into an unrecognizable shape. Let us maintain the standards of fair play for which we are all fighting.

THIS CARLSON BILL WOULD SET THE TAX CLOCK BACK

In discussion of pay-as-you-go by the more enthusiastic proponents of complete forgiveness of 1 year's taxes a certain phrase is used again and again. That phrase is "let us turn the tax clocks ahead 1 year." Presumably this simple way of describing the very difficult and troublesome process of transition to a current basis represents a distillation of the wisdom of cancellation as embodied

Amount of tax liability on 1942 income and increase in estate-tax liability which would result if the amount of the 1942 income-tax liability were canceled and added to the estate

MARRIED COUPLES—NO DEPENDENTS

1942 net income before personal exemption	Assuming all income is derived from earnings				Assuming all income is derived from property			
	Income tax liability <sup>1</sup>	Assumed size of estate <sup>2</sup>	Increase in estate tax resulting from the addition to the estate of the canceled 1942 income tax <sup>3</sup>	Excess of income tax canceled over increase in estate tax	Income tax liability <sup>4</sup>	Assumed size of estate <sup>5</sup>	Increase in estate tax resulting from the addition to the estate of the canceled 1942 income tax <sup>3</sup>	Excess of income tax canceled over increase in estate tax
\$1,000						\$25,000		
\$2,000	\$140	\$2,000		\$140	\$140	50,000		\$140
\$4,000	532	10,000		532	538	100,000	\$118	420
\$6,000	992	20,000		992	1,010	150,000	283	727
\$10,000	2,152	25,000		2,152	2,194	250,000	658	1,536
\$50,000	25,328	75,000	\$3,822	21,506	25,394	1,250,000	9,904	15,490
\$100,000	64,060	150,000	19,018	45,042	64,126	2,500,000	31,587	32,539
\$200,000	150,012	300,000	47,804	102,208	150,078	5,000,000	98,152	51,928
\$400,000	328,000	600,000	116,420	209,580	328,066	10,000,000	250,471	75,595
\$1,000,000	854,000	1,500,000	394,260	459,740	854,066	25,000,000	657,631	196,435

<sup>1</sup> Assuming maximum earned income credit.

<sup>2</sup> Before addition to the estate of the amount of canceled 1942 income tax.

<sup>3</sup> Assuming that the amount of canceled income tax is held until death and added to the estate; that none is spent, lost or given away.

<sup>4</sup> Assuming minimum earned income credit. <sup>5</sup> Assuming that the property yields 4 percent.

ENACTMENT OF H. R. 2245 WOULD VIOLATE THE PRINCIPLE OF ABILITY TO PAY

The Carlson bill would seriously violate the principle of ability to pay. It would apply the principle of ability to pay in reverse. It would incorporate into dreadful reality the Biblical saying, "To him that hath shall be given, while from him that hath not shall be taken away even which he hath."

It would make the individual's income the standard and measure of how much he was to benefit from the public purse. It is difficult to conceive of a plan better calculated to shift the war burden from those more able to pay to those less able to pay. A great deal has been said in connection with pay-as-you-go about windfalls. There may not be anything seriously wrong in permitting some windfalls, if the quality and quantity of the apple harvest may be improved

thereby. But the Carlson bill, like the so-called Ruml plan, would subject the orchard to some very peculiar wind stresses. It would apply to the millionaire's section a veritable whirlwind, while the worker's tree would have to be content with the gentlest zephyrs. If the crop is to be maintained despite this ordeal, the smaller trees would have to work overtime to make up the difference.

My reference to apples in connection with the Carlson bill is perhaps misleading. What we are dealing with as proposed under this bill is plums. A glance at the table showing amounts of tax forgiven to taxpayers at different levels of income shows how big some of the plums are. Unquestionably this piece of proposed legislation is not the first in legislative history whose purpose is the dispensation of plums. However, the present proposal, which would be

in the Carlson bill. Those initiated into the mysteries have chosen this phrase to vouchsafe their meaning to the many. "Turn the tax clocks ahead 1 year." Is it as simple as all that?

There is no doubt that the proponents of this plan want to put themselves on "tax-saving time." If you look at the tax clocks they want to move ahead and read dollars on the dial instead of hours, you will find that some people would save a lot more than others. In fact the procedure proposed would not really put everyone on the same basis. They may call this a proposal to put the tax clock ahead, but it really is intended to set the calendar back several years for some groups of taxpayers.

At the million dollar income level the proposal would in effect wipe out all the income-tax increases since 1935, or it would give the taxpayer at this level the wherewithal to meet the increase in tax provided under the Revenue Act of 1942 for the next 7 years. Thus it would delay the impact of the necessary wartime increase under the 1942 act as compared with the 1941 act for 7 years until, in other words, the war has ended and its burdens shouldered by individuals less fortunate in the clock- and calendar-shuffling process. This is not setting the tax clock ahead; it is stopping it while war needs grow more intense.

At the \$100,000 level the plan would give the taxpayer enough to pay the 1941-42 increase for 5½ years; thus delaying the effect of wartime taxes for that period of time. Examined in the light of those observations, the proposal puts those most able to pay on a tax-saving time, by setting the tax calendar back to peacetime days and stopping the hands of the tax clock until the war burdens have been taken care of by those less able to pay.

In the discussion of pay-as-you-go, much has been said by proponents of full cancellation on the subject of equal treatment. The gist of this is that if you give one taxpayer a year's taxes, then you must give another taxpayer a year's taxes, regardless of the different amounts involved. To attempt to measure equality in terms of the period for which taxes are forgiven gives no guaranty of truly equitable treatment. Taxes must be measured in terms of dollars and cents, not hours or days on a clock or calendar. If the clock adjustment is put in the correct terms—dollars and cents—we find that the adjustment proposed in the Carlson bill would spin some individual's clocks ahead at propeller speed. It would barely nudge some tax clocks.

I think it is clear that this is not equal treatment. Even Mr. Ruml, while advocating full forgiveness for all taxpayers in the interest of equal treatment, has, in the same breath, been constrained to advocate a special tax on the estate of the taxpayer to recoup windfalls and provide for equality of treatment. Now, I submit that if the forgiveness on the Ruml basis means equal treatment, then the additional estate tax for the purpose of recouping these tax bonanzas is unnecessary. But, since such a windfall tax is recommended, it

is because Mr. Ruml recognizes the inequalities of full cancellation. These are inequalities which the estate tax, for obvious reasons, cannot effectively remove. The Carlson bill, however, contains no special estate tax. Mr. Ruml concedes the inequity of his plan; this bill fails to provide Mr. Ruml's remedy, faulty as the latter is. Could there be a clearer admission of the inequity of this bill?

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to extend the remarks of the gentleman from Massachusetts [Mr. TREADWAY] at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. TREADWAY. Mr. Chairman, it is not my purpose to make any extended remarks on the bill.

I have been very much interested in the pay-as-you-go idea ever since it was first suggested. I believe it would accomplish a much-needed and highly desirable tax reform.

The arguments in favor of being on a current basis are well known and need not be repeated. The people are squarely behind the pay-as-you-go proposal, recognizing in it a means of meeting their heavy and ever-increasing tax burden with as much convenience as possible and with a minimum of hardship. As the Treasury has pointed out, advantages would also accrue to the Government if taxes were currently assessed and collected. Differences of opinion exist, however, as to how the transition to a pay-as-you-go basis should be brought about.

The simplest, fairest, and most practicable solution of the transition problem has been suggested by Mr. Beardsley Ruml, author of the so-called Ruml plan. Mr. Ruml proposes that we get onto a current basis by simply turning the tax clock ahead 1 year; in other words, by treating the tax payments we are making this year out of this year's income as being in discharge of the current tax liability instead of the past year's tax liability. Stated more simply, the Ruml plan means assessing 1943 taxes against 1943 incomes rather than 1942 incomes.

Other than by abating the 1942 tax liability, as proposed by Mr. Ruml, there is no way of making taxpayers current this year without requiring them to pay double—once on their overhanging past year's liability and once on their current liability. As this would involve an impossible burden, the Ruml plan remains the only alternative.

Any plan to carry forward the past year's assessment, and collect it over a period of years in addition to future taxes, would involve at least a partial doubling up, and therefore would constitute an arbitrary increase in the tax burden without regard to ability to pay.

The committee bill is not even a substantial approach to the problem. It does little more than continue the present system of collecting the income tax the year after the income is earned. Only by voluntarily doubling up their payments for a year can taxpayers get

onto a current basis, which means that the great masses of the people, who already find it difficult to pay even 1 year's tax, would be denied the benefit which would come from being current. The discounts allowed for such doubling up are such that they merely constitute an inducement for doing so to those who have the means. They do not make it possible for anyone to become current who does not have on hand at least 194 percent of 1 year's tax liability.

I have received hundreds of letters from my constituents on the subject of pay-as-you-go taxation, and with only a few isolated exceptions they are strongly behind the Ruml plan. These letters have come from leading citizens and businessmen, from workers in the factories, from farmers, from men who have gone into the armed services; in fact, from all walks of life. They want the Ruml plan, and they know why they want it. It is so simple and understandable, and so practical and fair, that they cannot see why Congress has delayed so long in enacting it into law.

The Ruml plan has been introduced in the form of a bill by the gentleman from Kansas [Mr. CARLSON]. His measure provides for the abatement of the 1942 liability and for the current collection of the income tax in 1943 and subsequent years. In order to provide against any possibility of windfalls, he has included in his bill certain provisions which effectively prevent any such result.

I have joined with my Republican colleagues on the Ways and Means Committee in supporting the Ruml plan, as embraced in the Carlson bill. At the proper time this measure will be offered as a substitute for the provisions of the committee bill, and I hope will be adopted by the House. The Carlson bill, by embodying the Ruml plan, will give the people a real pay-as-you-go tax bill which will make all taxpayers immediately current. I shall vote for the Carlson substitute and trust that the good judgment of the House will result in its being adopted by an overwhelming vote.

Mr. KNUTSON. Mr. Chairman, I yield to the gentleman from Illinois [Mr. MASON] such time as he may desire.

Mr. MASON. Mr. Chairman, the House is confronted with a choice between two plans for the payment of future Federal income taxes—the so-called Ruml plan as modified in the Carlson bill, and the committee bill, which provides for a withholding tax, but does not provide for making tax payments on a current basis. I wish to offer a few pertinent facts that should be considered in making a choice.

There are some 44,000,000 Federal income taxpayers today. About 90 percent of them—a sizable group—must pay their last year's tax out of this year's income because for one reason or another they have been unable to save any of last year's income. About 10 percent of our taxpayers have been provident enough—thrifty enough—so that they can pay last year's tax out of their savings on last year's income, and most of this group will do so. Which of these two groups would you say is in trouble today and needs help? Which group represents



the taxpayer who finds that taxpaying has become pretty tough? Which group will be benefited most by the committee plan and which group will be benefited most by the Carlson plan? If you can answer these questions to your own satisfaction, then you should not find it very difficult to decide between the two plans that are before us.

The Ruml plan was proposed, in the first place, to take care of distressed taxpayers—the 90-percent group—and to facilitate tax collections. It has been twisted and mangled by the Ways and Means Committee into a scheme for encouraging the provident thrifty taxpayers who have money in their pockets—the 10-percent group—to pay 2 years' taxes in 1 year by granting generous rebates. It also provides forgiveness to the members of our armed forces of their tax liabilities. However, the committee bill, if adopted would tend to discourage the average taxpayer—the 90-percent group—by keeping suspended over his head a tax debt that he never can hope to get from under.

The opponents of the Ruml plan make quite a fuss about the fact that the Ruml plan will permit the 10-percent group of present-day taxpayers—those who have money in their pockets—to have a 2-year income, out of which they will be required to pay only a 1-year tax bill. They say that would be deplorable, if not criminal. They overlook the fact that the committee plan would require 90 percent of our present-day taxpayers to pay a 2-year tax bill out of a 1-year income in order to become current in their tax payments. If we adopt a pay-as-you-earn plan without including the Ruml proposal to drop a year's tax.

The opponents of the Carlson bill say that if a Congressman votes for that bill he will be voting to save himself something like \$2,000 that he owes Uncle Sam. Well, that sounds pretty bad—and it would be bad if it were true. But under the Carlson bill I will be required to pay Uncle Sam \$2,000 this year, \$2,000 next year, and \$2,000 every year from now on until I die, if I continue to receive the same annual income, and the rates remain the same—which they will not. Just when am I going to hold back the \$2,000 I owe Uncle Sam? The fact is, of course, that the only year that Uncle Sam will fail to collect from me will be the year after I die—and then my estate will not be charged with a year's back tax, as it would be under the present tax set-up—and I imagine that very soon I will be called upon to vote increased rates that will add another \$1,000 each year on top of my present \$2,000 tax bill, and, besides, there is no telling what increase will soon be added to our inheritance-tax rates. I doubt that Uncle Sam will let any of us get out of paying our share of the tax load.

When I vote for the Carlson bill I shall do so with a clear conscience, knowing that I shall be doing what 90 percent of the taxpayers want done, namely, placing them on a current tax basis.

Mr. Chairman, I want to take up and answer that indictment, shall we say,

that is being brought against the Members of Congress if they would or should vote for the Carlson bill. It is stated in substance that if they vote for the Carlson bill they are voting to save themselves approximately \$2,000 of a tax bill that they owe Uncle Sam for last year's taxes.

Mr. DOUGHTON. That is right.

Mr. MASON. That is the charge.

Mr. DOUGHTON. That is the fact, too.

Mr. MASON. I want to make it a little clearer, and in order to do so I shall take myself as a horrible example, following the lead of the gentleman from Tennessee.

Under the Carlson bill, I shall pay \$2,000 to Uncle Sam this year and I shall pay \$2,000 to Uncle Sam next year and the year following and every year thereafter until I die. That is, if my income remains the same and if the rate of taxation remains the same, which it will not, as we all know. But if it remains the same, I shall pay every single year until I die, and then my estate will not owe Uncle Sam, if the Carlson or Ruml plan is adopted, because I will be paid up to date. The only time Uncle Sam will be robbed by Mason will be after he is dead, and that is the only time. And there will not be a year in which I will not pay my full taxes under this bill.

I want to illustrate by this: When I die I shall go up and knock on the pearly gates and St. Peter will challenge me with this question, "Mason, what about those \$2,000 which you have cheated Uncle Sam out of?"

I shall say, "St. Peter, if that is all you have got against me, you have got to open those gates, because I have brought with me a receipted tax bill for every year that I was supposed to pay taxes down below." And St. Peter cannot get around those receipted tax bills. I am also going to look St. Peter in the eye and I am going to say, "St. Peter, you should not pay any attention to these new dealers who accuse me of cheating Uncle Sam out of \$2,000, because these new dealers do not know what they are talking about half the time."

Then I am going to say to St. Peter, "If you check over every single one of those tax bills and find that I have paid for every year that I was down below, then unless you have got something else against Mason, you have just got to open the pearly gates and let me in." St. Peter will say, after he has checked over those tax receipts, "Why, MASON, you are entirely vindicated." The gates will open and I will enter, and that is the position every Member of Congress will be in.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield to the gentleman from Texas.

Mr. DIES. Of course, the gentleman is assuming something that may not exist in every case; some of us may never see St. Peter.

Mr. MASON. That is all right; the gentleman from Texas will probably be as sure of seeing St. Peter, and I

think perhaps surer of getting through the pearly gates than I.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. MASON. Yes.

Mr. MURDOCK. When St. Peter goes through your tax receipts, will he find one for every year you had a taxable income? Will he find one for 1942?

Mr. MASON. Oh, yes, he will find one for 1942.

Mr. MURDOCK. And 1943?

Mr. MASON. 1943 and 1944, and I do not care which year you put on the tax receipts, he will find a tax receipt for every single year, and not one year will I be forgiven my taxes until I die, and you know it, and every Member of the House knows it.

Mr. DOUGHTON, Mr. HOLIFIELD, Mr. LYNCH, and Mr. McMURRAY rose.

Mr. KNUTSON. Mr. Chairman, I ask that the gentleman who has the floor be protected against these economists.

Mr. MURDOCK. Speaking of protection, I feel that somebody should protect the Government against such mathematicians, but, as Webster said to Lafayette, "Late may you arrive in heaven," so say I to my friend from Illinois, and if he does not get there until 50 years from now, he will have 50 additional tax receipts, including tax receipts for 1942 and 1943, but will he have paid an installment for every year he had a taxable income?

Mr. MASON. I will have paid an installment in every year that I live, until I die.

Mr. CURTIS, Mr. CRAWFORD, and Mr. KNUTSON rose.

Mr. RANKIN. Mr. Chairman, I ask that the gentleman be protected from the economists on the other side.

Mr. KNUTSON. These are real economists. I was referring to pseudo economists.

The gentleman from Arizona expects to live 50 years and I hope he does.

Mr. MURDOCK. No, I was applying the words of Webster to the gentleman who has the floor and thinking of his receipt for the first year of taxable income, which was dated the following year. There is one missing some place.

Mr. KNUTSON. I hope his tribe may increase, although it does not deserve to. If the gentleman lives 50 years, under the committee plan he will be forgiven 2 years. Four times 50 is 200 percent. I congratulate the gentleman if he lives 50 years and the committee bill is in operation.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield to the gentleman from Nebraska.

Mr. CURTIS. Is it not also true that when a young man arrives at his majority and starts to make money, he starts 1 year earlier under the Carlson bill to remit to the Treasury of the United States?

Mr. MASON. Of course.

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. MASON. Mr. Chairman, I claim the floor and I do claim protection

against some of these overheated tax experts.

The CHAIRMAN. Does the gentleman yield to the gentleman from New York?

Mr. MASON. I yield.

Mr. LYNCH. I would like to know whether you could tell St. Peter when you arrive at the pearly gates what you did with the \$2,152 that was not paid for 1942 taxes.

Mr. MASON. I would be glad to tell St. Peter that the \$2,000 will be paid and the receipt will so state for 1942, 1943, and 1944, and so on to the end. The only time that Uncle Sam will lose any money will be after Mason is dead and then only if he cannot collect the year's taxes out of his estate, and you know that is correct.

Mr. LYNCH. And who will benefit by the \$2,150?

Mr. MASON. I will not benefit.

Mr. LYNCH. But the gentleman will benefit because he pays only 1 year's taxes on 2 years' income.

Mr. MASON. I will not benefit from any unpaid taxes, and you know it, and no one will benefit from any unpaid tax bill until after his death.

Mr. Chairman, I think that is the whole sum and substance of this forgiving business. There is no such thing as forgiving in this tax bill that is labeled the Carlson bill. You can call it forgiveness if you want to; there is no forgiveness until after the death of every person present and then his estate is paid up to date instead of being a year behind in the taxes. This is the sum and substance of it.

I yield back the balance of my time.

Mr. KNUTSON. Mr. Chairman, I wish to announce that the gentleman from New York [Mr. REED] will be the first speaker tomorrow.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. McCORMACK, having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 2218) to provide a method for the payment currently of individual income taxes, and for other purposes, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement made before an O. P. A. hearing by Mr. P. O. Wilson.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

#### SIDNEY'S ANSWER TO THE MANPOWER PROBLEM

Mr. JONES. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JONES. Mr. Speaker, I hold in my hand an issue of the Saturday Evening Post dated March 27, 1943. I do not want to sell magazines or to sell the Saturday Evening Post to you, but here is an article that should be put in the hands of every civilian employee of the Federal Government:

Sidney, with 10,000 people, and the surrounding county of Shelby, with 16,000 more, are the homes of the .0002 percent. Sidney is as American as Kansas wheat or Paddy's diner or its own Buck's Taxi, and its solution of its problem is an American sort of solution. The manpower problem in Sidney—finding men for the Army, for factories, and for farms—was, as it is everywhere, one of simple arithmetic. Arithmetic told Sidney it was a problem which couldn't be met, and Sidney proceeded to give arithmetic one of the worst pastings it has ever had since it stuck its 2-plus-2-equal-4 nose out of Arabia. Sidney today has arithmetic yelling "Uncle" and willing to admit that 2 plus 2 may equal 6 or 8 or whatever Sidney says.

Sidney has no chamber of commerce. At least it doesn't call what it has a chamber of commerce. It calls him Mike. Elmer Michael Seving is his name and he draws his pay from the Government as a field officer for the United States Employment Service. In the business of persuading Sidney men and women to take factory jobs in addition to their usual jobs, Mike Seving was the chief persuader, though he had expert assistance from Mayor John Sexauer, E. C. Amos, publisher of the Sidney Daily News, and other community war horses. Since Mike Seving is into everything in Sidney, it is hard to tell where Mike leaves off and Sidney begins, but we shall try.

It is one thing for leaders of a community to dream up the idea that people will double up and work two jobs, putting in 16 or more hours a day. It is quite another thing to sell the idea to the people themselves. But Seving is a great believer in ringing doorbells and asking people to do what he wants them to do.

Now let us look specifically at a few more of the people described in the article.

Mayor John A. Sexauer, in order to meet the acute housing shortage, personally subsidized a Sidney carpenter and small contractor, John Hussey, to build houses.

Hussey has put up more than 200 of the 425 houses built in Sidney in the last 4 years.

To handle the problem of transporting workers from nearby communities, Sidney took over 10 school busses.

Mayor Sexauer works until late at night for the city and gets up before dawn to bake bread in his bakery so that others may be freed for war-plant work.

Let us take a look at the chief executive of Sidney's Monarch Machine Tool Co., Mr. Wendell E. Whipp, president. Back in 1911 Wendell Whipp was lured to Sidney from the National Cash Register Co. when bankruptcy was making faces at it. He had to borrow the pay roll every week for the first 6 months and postage stamps for advertising circulars.

It is this sort of thing that shows you to what extent Sidney's blood and bone are in Monarch and its other industries.

Judge Robert Eshman leaves his chambers in midafternoon and changes

into overalls to work for 8 hours on a lathe.

In charge of teaching new Monarch employees their skills is a Scotsman, Donald MacKellar, who came to America in 1919 and within 20 minutes after leaving Ellis Island appeared before a Federal judge to apply for his first papers.

Ed Flinn keeps busy managing a 10-cent store and rushing off to a plant to work, too. Mrs. John Libbee, the wife of a public-utilities executive, works in a factory producing airplane parts; while Mrs. Robert B. Wilgus, whose husband is an insurance broker, works on a lathe. Mrs. Robert Eisenhut thought her 2-year-old Jimmy and her house were a full day's work, but now she finds she also has time for 8 hours on a lathe.

Around the Monarch plant is a tall, erect old man with silver hair standing outside the watchman's box at the gate who recently resigned as pastor of one of Sidney's churches.

Kenneth F. Rike, owner of a haberdashery, follows this schedule each day.

Eight-thirty to 9 a. m., shave and breakfast; 9 a. m. to 12:45 p. m., work in store; 12:45 p. m. to 1:15 p. m., lunch; 1:15 to 3:30 p. m., work in store; 4 p. m. to midnight work in factory, with a half hour off for lunch; midnight to 1 a. m.; supper and bath; 1 to 3:30 a. m., sleep.

City Auditor Wilson Stockstill follows just about the same schedule, working for the city from 9 a. m. to 3:30 p. m. and from 4 p. m. to midnight for a factory.

Bill Dilbone was the former sheriff of Shelby County and is now a postman. He works for the post office from 6:30 a. m. until 3:30 p. m. and then goes to one of the plants until midnight.

Mrs. Lafayette Lintz picks rivets in the Stolle plant each day for 8 hours in addition to her home work. Life is pretty bleak for Mrs. Lintz, but the brightest and best thing in it for her is the son she and her husband adopted when he was a baby, who is now grown and has gone off to the war.

No one of Sidney's 97-percent native-born populace is a more "dyed-in-the-wool" Sidneyite than Harry Gilfer, who runs a haberdashery just off Courthouse Square. He says:

I don't think anybody appreciates this country enough.

He had been up all night, working the midnight-to-8 shift at a factory, and, without sleep, had gone to his store.

Mr. Taylor Cummins, an attorney, also is engaged in various defense activities and his wife spends long hours doing hospital work, in addition to helping run the Girl Scouts and the Sidney canteen.

The article concludes:

Sidney has handled, uniquely and with surprising success, the toughest problem war has left on the doorstep of the home front and, in doing it, has blazed a trail which may well be followed in many communities throughout the country.

It is a lesson in self-sacrifice and devotion to our country that places the people of Sidney and Shelby County, Ohio, by the side of our country's heroes from Valley Forge to the Battle of Tu-



nesia, the battle for Australia, and the great battles of the Coral Sea, Midway, and the Solomons.

Everyone of us knows that Washington is the greatest waster of manpower in the world. For Washington to gain this reputation, it takes a lot of individuals who are wasting time on the Federal pay roll, a lot of bureaus that are not contributing directly to the war effort, and a lot of peacetime programs that should have been discontinued long since. I hope that the lesson in the life of our Nation may bring such shame upon the wasters that the still small voice of conscience will compel them to resign from the positions of waste and stand by the side of the civilian army of Sidney and Shelby County, Ohio, to help win this war with the same measure of sacrifice and devotion to our boys on the sixty-odd fighting fronts.

Does it not appear strange to you—ladies and gentlemen of the House—that all the bright young men, with their doctors' degrees that have been enlisted in the war effort at Washington in one expert position after another have never thought of a plan that begins to rise above the gutter along the streets of Sidney, Ohio? Singularly, Elmer Davis and all of his expert writers have never been able to write an epic, dramatize a radio program, or direct a movie that will thrill the hearts of the readers, listeners, or seers like this article describing the homespun, hard-working, horny-handed sons and daughters of toil in the Fourth Congressional District of Ohio. Here is a people that visualized that the enemy is fighting in their main street and they are making their last stand.

It is timely and appropriate as we are considering a bill to raise more taxes than this Nation has ever been able to raise in any single fiscal year previously in the history of our country, that we should stop and appraise the programs of the long-haired professors—of the bright young men with their doctors' degrees—of the New Deal bureaus that were born with the labor pains of leaf turning. It might be a lesson for us in Congress, that this war will never be won by the Washington planners who hope to direct the farmers when to sow and reap, by the theorists who see millions of men in a lock step civilian march to their idea of victory, and by the social dreamers who want to use the war to make America over.

No, we will preserve America by the spirit and genius of common men and women, humble, hard-working, honest people whose love of country overshadows hate of anyone else, whose family obligations, born and nurtured in the American way that we have always known in America, compels them to work day and night—every day and night—for our own flesh and blood on the battle fronts of America. Victory will be won on the battle fronts sure enough, but those who supply the sinews of war throughout the length and breadth of the Nation will win the battle of production and supply for those men and women at the fronts. Love of America in their

own hearts even as these people have set the pace for the not far distant future when other communities, reading of this glorious performance in Sidney, Ohio, will work to bring glory to their own community in an attempt to overshadow the sacrifice of the people of Sidney. Then, all that the bright young men and the long-haired professors dream of will be cast into oblivion by the performance of all the American people.

Read this article. You will have a more critical view of the wasters on the Federal pay roll, of the foolish efforts of some bureaus. We should highly resolve here that each one of us shall ask ourselves the question each night as we put our head on our pillow, Have we cut out all the red tape, all of the bureaus, all of the useless functions, and all of the time wasters and boondogglers that interfere with the war effort?

#### EXTENSION OF REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the Committee of the Whole today and include therein certain tables, excerpts, and material in connection therewith.

The SPEAKER pro tempore (Mr. RAMSPECK). Is there objection to the request of the gentleman from Tennessee?

There was no objection.

#### THE FORGOTTEN ISLANDS OF LAKE ERIE

Mr. RAMEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. RAMEY. Mr. Speaker, the remarks of Congressman Jones have inspired me to speak about the citizens of the islands of Lake Erie, located in the Ninth District of Ohio. There is a chain of islands there known to a great many as the Forgotten Islands. We have not heard of them and their good works since 1913. They are South Bass Island, on which is located the village of Put-in-Bay, Middle Bass Island, North Bass Island, Ballast Island, Mouse Island, Starve Island, Old Hen and Chickens Islands, Green Island, Sugar Island, and Rattlesnake Island. Perry's victory was fought between Rattlesnake Island and the harbor at Put-in-Bay.

Every boy on these islands is in the war. On Middle Bass Island everyone of war age is in the war. They are cut off from the land ashore except by use of small boats and the plane that carries the mail. I had a letter from a mother the other day who heard her son was lost. When we received word from him and he wrote his mother she did not say, "Get him a commission, get him something soft, get him a desk job." She just said, "I am glad he is there to go on with the cause." This good mother in her devotion to her country said: "Other boys are carrying on. I am glad my boy is."

We do hope the islands are not forgotten. The islands of Lake Erie give more

to the war effort and to the United States of America without making a fuss about it, and take less from this country, than any other group that has come to my observation. I am extremely proud of the people of these little islands, so unselfish as to forget themselves and give all.

#### ENROLLED BILLS SIGNED

Mr. KLEIN, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1692. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; and

H. J. Res. 100. Joint resolution extending the time within which certain acts under the Internal Revenue Code are required to be performed.

#### ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p. m.) the House adjourned until tomorrow, Friday, March 26, 1943, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON THE PUBLIC LANDS

There will be a meeting of the Subcommittee on National Homestead Land Laws of the Committee on the Public Lands at 10:30 a. m. Friday, March 26, 1943.

##### COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The hearings scheduled for Monday, March 29, 1943, at 10 a. m., to consider charges of waste of space in ships going to north Africa and delays in ship sailings have been postponed indefinitely.

The Subcommittee on Fisheries of the Committee on the Merchant Marine and Fisheries will meet in executive hearing at 10:30 a. m. on Wednesday, March 31, 1943, to consider the matter of price ceilings on fishery products.

The Committee on the Merchant Marine and Fisheries will hold a public hearing on Thursday, April 1, 1943, at 10 a. m., on S. 163 (H. R. 498) to amend section 511 of the Merchant Marine Act, 1936, as amended, relating to ship construction reserve funds, and for other purposes.

As advised in notice of March 10, 1943, Congressman BATES of Massachusetts, patron of the bill H. R. 1766, upon which hearings were scheduled on April 8, 1943, is a member of the Committee on Naval Affairs and of a subcommittee of that committee which has arranged a schedule of hearings throughout the country which will compel Congressman BATES of Massachusetts to be absent from Washington on April 8 and also April 15.

The chairman of the committee and the Commissioner of Fisheries will be out of town on intervening dates, which will necessitate a further postponement of the hearing until May 13, 1943. You are

hereby notified that the hearings scheduled for April 8 and postponed until April 15 have been postponed to Thursday, May 13, 1943, at 10 a. m., at which time the hearings will follow.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

277. A letter from the Secretary of War transmitting a draft of a proposed bill to change certain exemptions relating to the renegotiation of contracts with the War Department, the Navy Department, the Treasury Department, and the Maritime Commission, and subcontracts thereunder, and to require in certain cases the filing of financial statements for each expired fiscal year; to the Committee on Ways and Means.

278. A communication from the President of the United States, transmitting an estimate of appropriation for the Office of Defense Transportation of the Office for Emergency Management for the fiscal year 1944, amounting to \$14,900,000 (H. Doc. No. 138); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PATTON: Committee on Accounts. House Resolution 81. Resolution providing for expenses of investigation of activities of Farm Security Administration as provided by House Resolution 80; without amendment (Rept. No. 300). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 98. Resolution to direct the Committee on Interstate and Foreign Commerce to conduct an investigation with respect to contemplated requirements with respect to the labeling, production, marketing, and distribution of articles and commodities; with amendment (Rept. No. 301). Referred to the House Calendar.

Mr. GOSSETT: Committee on Immigration and Naturalization. H. R. 2207. A bill to amend the Nationality Act of 1940; with amendment (Rept. No. 302). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 222. An act to authorize the Secretary of War to convey to the people of Puerto Rico certain real estate now under the jurisdiction of the United States; without amendment (Rept. No. 303). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 223. An act to authorize the exchange of lands between the War Department and the Department of the Interior; without amendment (Rept. No. 304). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 224. An act to authorize the exchange of lands in the city of Philadelphia, Pa., between the War Department and the city of Philadelphia, trustee under the will of Stephan Girard, deceased; without amendment (Rept. No. 305). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 427. An act to provide additional pay for personnel of the Army of the United States assigned to diving duty; without amendment (Rept. No. 306). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAAS: Committee on Naval Affairs. H. R. 1364. A bill to amend the Naval Reserve Act of 1938, as amended; with amendment (Rept. No. 307). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLACKNEY: Committee on Naval Affairs. H. R. 2018. A bill to authorize certain officers of the Navy, Marine Corps, and Coast Guard to act as notaries public during the existence of war or a national emergency and 6 months thereafter; without amendment (Rept. No. 308). Referred to the Committee of the Whole House on the state of the Union.

Mrs. SMITH of Maine: Committee on Naval Affairs. H. R. 2168. A bill to amend sections 6 and 11 of the act approved July 24, 1941, entitled "An act authorizing the temporary appointment or advancement of certain personnel of the Navy and Marine Corps, and for other purposes," as amended, to provide for the grade of commodore, and for other purposes; with amendment (Rept. No. 309). Referred to the Committee of the Whole House on the state of the Union.

Mr. RIVERS: Committee on Naval Affairs. E. R. 2198. A bill to amend the act of March 3, 1909, as amended by the act of January 23, 1942, providing for the sale of naval stores, in order to authorize the Secretary of the Navy to permit the sale of naval stores in the continental United States during the war and 6 months thereafter to civilian officers and employees of the United States, and to other persons at stations where purchase from private agencies is found to be impracticable; without amendment (Rept. No. 310). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 905. A bill to release all the rights, title, and interest of the United States in certain land constituting a portion of the tract of land conditionally granted to the County of Los Angeles, State of California, under the act of March 24, 1933, as amended; without amendment (Rept. No. 311). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUMNERS of Texas:

H. R. 2295. A bill to exempt certain officers and employees of the United States from certain provisions of the Criminal Code and Revised Statutes; to the Committee on the Judiciary.

By Mr. VOORHIS of California:

H. R. 2296. A bill to amend subsection (1) of part II of section 4 of the Bituminous Coal Act of 1937, as amended; to the Committee on Ways and Means.

By Mr. KENNEDY:

H. R. 2297. A bill to extend gratuitously policies of insurance issued by the War Damage Insurance Corporation for 1 year; to the Committee on Banking and Currency.

H. Con. Res. 15. Concurrent resolution to express the sentiment of the Congress regarding War Damage Corporation policies of insurance; to the Committee on Banking and Currency.

By Mr. EBERHARTER:

H. Res. 185. Resolution requesting the President to transmit certain information with respect to the approval or disapproval of priority applications; to the Committee on Military Affairs.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Hawaii, memorializing the President and the Congress of the

United States requesting Federal assistance with regard to highway construction in the Territory of Hawaii; to the Committee on Roads.

Also, memorial of the Legislature of the State of Nevada, memorializing the President and the Congress of the United States not to enact legislation concerning commercial and private air commerce and aviation until such time as the present war has been concluded; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Nevada, memorializing the President and the Congress of the United States to take the necessary action to provide for the continued operation of the hot lunch projects in the public schools of our State; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to supply butter to our armed forces and to our allies so as to safeguard the dairy industry; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing the President and the Congress of the United States to make appropriations for the endowment and maintenance of the agricultural experiment station of the Territory of Hawaii; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of North Dakota, memorializing the President and the Congress of the United States to authorize the Indians to elect their Commissioner of Indian Affairs; to the Committee on Indian Affairs.

Also, memorial of the Legislature of the State of Washington, memorializing the President and the Congress of the United States to pass legislation to collect taxes monthly as the money is earned; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Michigan, memorializing the President and the Congress of the United States to effect a substantial increase in the price of copper, iron, and other strategic metals; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Arizona, memorializing the President and the Congress of the United States to enact legislation to prohibit the maintenance of any school which is taught or conducted in a foreign language, except in an incidental study included in a curriculum sanctioned by law; to the Committee on Education.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GRANT of Indiana:

H. R. 2298. A bill for the relief of George H. Hines, Jr.; to the Committee on World War Veteran's Legislation.

By Mr. HAYS:

H. R. 2299. A bill conferring jurisdiction upon the United States District Court for the Eastern District of Arkansas to hear, determine, and render judgment upon the claims of W. M. Hurley and Joe Whitson; to the Committee on Claims.

By Mr. KELLEY:

H. R. 2300. A bill for the relief of Rose B. Luzar; to the Committee on Claims.

H. R. 2301. A bill granting an increase of pension to Herbert B. Holloway; to the Committee on Invalid Pensions.

By Mr. LYNCH:

H. R. 2302. A bill granting an increase of pension to Elizabeth A. Axson; to the Committee on Pensions.

By Mr. LANHAM:

H. R. 2303. A bill for the relief of O. W. James; to the Committee on Claims.

By Mr. ROWAN:

H. R. 2304. A bill for the relief of Harry Tansey; to the Committee on Claims.



## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

346. By Mr. GRAHAM: Petition of the Lawrence County (Pa.) Pomona Grange, No. 65, urging the Congress of the United States to do all in their power to relieve agriculture, industry, and labor from all unnecessary restrictions and keep as many skilled workers where they can serve their country best, realizing that one experienced farmer can produce as much as four inexperienced workers; to the Committee on Agriculture.

347. By Mr. GOODWIN: Petition of the Universalist Club of Boston, urging our Senators, Representatives, and the State Department that they use all their power to persuade the Government of Great Britain to allow all Jews to use Palestine as a refuge; to the Committee on Foreign Affairs.

348. Also, petition of the Saugus Council of Churches, urging our Senators, Representatives, and the State Department that they use all their power to persuade the Government of Great Britain to allow Jews to use Palestine as a refuge; to the Committee on Foreign Affairs.

349. By Mr. SHORT: Petition of the Sixty-second General Assembly of Missouri, memorializing the Congress of the United States to amend the Federal Social Security Act to the effect that any citizen may obtain information concerning names and amounts of payments made under this act; to remove limitations and conditions placed upon the States; and permit exercise of greater authority by State and local boards in administration and payment of assistance to the needy; to the Committee on Ways and Means.

350. By Mr. SMITH of Wisconsin: Petition of the Racine Real Estate Board, Racine, Wis.; to the Committee on Ways and Means.

351. Also, petition of the State of Wisconsin; to the Committee on Foreign Affairs.

352. By Mr. STEARNS of New Hampshire: Joint resolution of the General Court of the State of New Hampshire endorsing the Ruml plan; to the Committee on Ways and Means.

353. By Miss STANLEY: Petition of Saxon Bede and others, concerning the recognition of Korea as an independent republic; to the Committee on Foreign Affairs.

354. By Mr. RABAUT: Petition of the legislative action conference of the Greater Detroit and Wayne County Congress of Industrial Organizations urging free transportation for soldiers on furlough; to the Committee on Military Affairs.

355. Also, petition of the legislative action conference of the Greater Detroit and Wayne County Congress of Industrial Organizations, urging incentive payments to farmers; to the Committee on Agriculture.

356. By Mr. THOMAS of New Jersey: Petition of the New Jersey Implement Dealers and New Jersey Farm Bureau, requesting that the establishment of prices upon products produced on the farm be the direct responsibility of the Secretary of Agriculture and it will be his duty to establish prices monthly for all basic commodities; to the Committee on Agriculture.

Eternal God, Thou hast made us heirs of all the ages. For us every poet has sung until now, for us every prophet has prophesied and the martyrs have glorified Thee in radiant lives of selfless service. At our feet every inventor, every explorer, every scientist, has laid the harvest of his patient seeking.

We give Thee thanks for those shining souls whose vision saw ends too great to be reached in their own lifetime and whose courage and faith enabled them to go down to defeat with causes that were destined to win. With eager steps and glad may we follow in the train of the pathfinders of humanity, as we break new seas, confident that time's mirror is turned forward to reflect the glories of the future, not the past. In the Redeemer's name. Amen.

## THE JOURNAL

On request of Mr. GREEN, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, March 25, 1943, was dispensed with, and the Journal was approved.

## MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

## CALL OF THE ROLL

Mr. GREEN. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore (Mr. Lucas). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Green	O'Mahoney
Austin	Guffey	Overton
Bailey	Gurney	Reed
Ball	Hatch	Revercomb
Bankhead	Hawkes	Reynolds
Barkley	Hayden	Robertson
Bone	Holman	Russell
Brewster	Johnson, Calif.	Scruggam
Bridges	Johnson, Colo.	Shipstead
Brooks	Kilgore	Smith
Buck	La Follette	Stewart
Burton	Langer	Thomas, Idaho
Bushfield	Lodge	Thomas, Okla.
Butler	Lucas	Thomas, Utah
Byrd	McCarran	Truman
Capper	McClellan	Tunnell
Caraway	McFarland	Tydings
Chavez	McKellar	Vandenberg
Clark, Mo.	McNary	Van Nuys
Connally	Maloney	Wagner
Davis	Maybank	Wallgren
Downey	Mead	Wherry
Eastland	Millikin	White
Ellender	Moore	Wiley
Ferguson	Murdock	Willis
George	Murray	Wilson
Gerry	Nye	
Gillette	O'Daniel	

Mr. BARKLEY. I announce that the Senator from Florida [Mr. ANDREWS], the Senator from Mississippi [Mr. BILBO], and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from Kentucky [Mr. CHANDLER] is out of the city on official business for the Committee on Military Affairs.

The Senator from Idaho [Mr. CLARK], the Senator from Alabama [Mr. HILL], the Senator from Florida [Mr. PEPPER], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Massa-

chusetts [Mr. WALSH] are detained on important public business.

The Senator from Montana [Mr. WHEELER] is necessarily absent.

Mr. McNARY. The Senator from New Jersey [Mr. BARBOUR] is absent because of illness.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness in his family.

The Senator from Ohio [Mr. TAFT] is necessarily absent.

The ACTING PRESIDENT pro tempore. Eighty-two Senators having answered to their names, a quorum is present.

## NOTICE OF HEARING ON NOMINATION OF CLARENCE MULLINS TO BE JUDGE, NORTHERN DISTRICT OF ALABAMA

Mr. McCARRAN. Mr. President, in accordance with the rule of the Committee on the Judiciary, I desire to make an announcement.

The Committee on the Judiciary has received the nomination of Clarence Mullins, of Alabama, to be judge of the District Court of the United States for the Northern District of Alabama—a new position.

As chairman of the subcommittee appointed to consider this nomination and as required by a rule of the committee, I announce that Friday, April 2, 1943, at 10:30 a. m., has been set for a hearing in the Senate Judiciary Committee room on this nomination. At that time and place all interested parties may make representations to the committee.

## EXECUTIVE COMMUNICATION

The ACTING PRESIDENT pro tempore laid before the Senate a letter, which was referred as indicated:

## SECOND QUARTERLY REPORT, WAR RELOCATION AUTHORITY

A letter from the Director of the War Relocation Authority, transmitting, pursuant to law, the second quarterly report of the Authority covering the period from July 1 to September 30, 1942 (with an accompanying report); to the Committee on Military Affairs.

## PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

## By the ACTING PRESIDENT pro tempore:

A letter in the nature of a petition from the Longshoremen's Union of San Juan, P. R. (affiliated with the Free Federation of Labor, State Branch of the A. F. of L.), praying that relief, pecuniary or otherwise, be granted to the longshoremen of the island of Puerto Rico; to the Committee on Territories and Insular Affairs.

A concurrent resolution of the General Assembly of the State of Iowa; to the Committee on Agriculture and Forestry:

## "House Concurrent Resolution 18

"Whereas apparently there has been no determination made by responsible officers of the Government of the total required production of essential food and fiber for the duration of the war and for the reconstruction period following the war; and

"Whereas food and fiber goals have thus far been established only on a short time basis; and

"Whereas the War Manpower Commission was created for the purpose of analyzing and giving proper weight to the minimum manpower requirements of all war industries

## SENATE

FRIDAY, MARCH 26, 1943

(Legislative day of Tuesday, March 23, 1943)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, the Reverend Frederick Brown Harris, D. D., offered the following prayer: